clark canadian
exploration company

Annual Report
1969

clark canadian exploration company

(Incorporated under the laws of the State of Texas)

DIRECTORS

Patrick S. Beaird *Denver, Colorado*
E. B. Clark, Sr. *Wichita Falls, Texas*
E. B. Clark, Jr. *Denver, Colorado*
James C. Saks *Calgary, Alberta*
J. N. Sherrill Jr. *Wichita Falls, Texas*

OFFICERS

E. B. Clark, Sr. *Chairman of the Board*
E. B. Clark, Jr. *President and Treasurer*
Patrick S. Beaird *Vice-President*
J. N. Sherrill Jr. *Secretary*
Frank I. Pritchett, Jr. *Exploration Manager & Assistant Secretary*

COUNSEL

Sherrill, Pace & Rogers *Wichita Falls, Texas*
MacKimmie, Matthews, Wood, Phillips & Smith *Calgary, Alberta*
Stapells, Sewell, Stapells, Patterson & Rodgers *Toronto, Ontario*

AUDITORS

Arthur Andersen & Co. *Denver, Colorado*

REGISTRAR AND TRANSFER AGENT

Canada Trust Company *Toronto, Ontario — Calgary, Alberta*

EXCHANGE LISTING

Toronto Stock Exchange *Toronto, Ontario*

HEAD OFFICE

824 Patterson Building, Denver, Colorado 80202

BRANCH OFFICE

307 Fifth Avenue S.W., Calgary 1, Alberta

To the Shareholders

Your directors have pleasure in presenting your company's third annual report, for the year ended May 31, 1969.

The past year was a period of significant growth for Clark Canadian Exploration Company. Earlier in the year it was transformed from a closely-held company to a publicly-owned corporation which now has more than 500 shareholders. Another important feature of the period was the establishment, through a development drilling program, of oil production from the Muddy Sandstone formation in the Collums, Whitetail, Olmstead and Rocky Point fields of Wyoming.

In February the company concluded an offering of 700,000 of its no par value common shares to the Canadian public at $2.20 per share. An option on an additional 100,000 shares was granted to Moss, Lawson & Co., Limited, Toronto, Ontario, the underwriter of the public offering; this option has subsequently been fully exercised. The shares of the company were listed on the Toronto Stock Exchange in April of 1969 under the trading symbol "CLX".

The company received $1,614,800 from the sale of its 800,000 shares before expenses. Net proceeds were applied in fiscal year 1969 to the liquidation of loans totalling approximately $250,000, payment of the costs of the company's exploratory and development drilling and seismic programs in Alberta and Wyoming, the acquisition of additional properties in the Foxe Basin, Baffin Island, Labrador Coast and Flemish Cap areas of Northern and Eastern Canada and the payment of support contributions to other oil companies undertaking exploratory drilling in close proximity to your company's Muddy acreage in Montana and Wyoming.

Since the end of the 1969 fiscal year Clark Canadian has drilled five development wells in its Collums field jointly with Pan American Petroleum Corporation. All of these wells have been completed as Muddy Sandstone producers. The company plans to drill three more wells in this field immediately. Your attention is directed to a map of this field.

During the months of June and July of the current year the company purchased approximately 6,200 net acres of oil and gas leases in the Anadarko Basin of Western Oklahoma. Three drilling programs will be assembled during the coming year from these leases for sale to other oil companies. The terms of the sale agreements will provide for exploratory drilling by the purchasing company. This area offers an opportunity for a large return on our initial investment, and the company will retain a significant undivided interest in all programs.

A recent decision has been made for Clark Canadian to participate with nine other companies and individuals in an exploration venture off the coasts of Louisiana and Texas, to be managed by Chambers & Kennedy, a Houston,

Texas based independent oil company with previous experience in this area. The venture will involve a committment by the company of $300,000 (U.S.) payable in quarterly instalments of $25,000 over a three year period, commencing this month, and the company's proportionate part of completing any exploratory wells and the drilling and completion of any development wells together with the operating costs thereof. It is anticipated that approximately 20 exploratory wells will be drilled during the three year period. The company's participation in this venture will be through its recently formed wholly-owned subsidiary, Clark Canadian Offshore, Inc., a Texas corporation.

In April of 1969 the company enlarged its Calgary, Alberta branch office and engaged Rodney W. Handfield, a highly respected and experienced oil geologist formerly employed by major oil companies, to be the regional manager for this area.

The company's operations in fiscal 1969 resulted in a net loss of $67,638. This loss was mainly attributable to the company's emphasis on its successful Muddy development drilling program and the time devoted by its officers to its initial public offering of shares during the year. The 1969 fiscal year did not yet reflect the earning ability of the public funds, while the expenses of the offering as well as the expenses of enlarging the Calgary, Alberta branch office were borne by the company during this period.

During the 1970 fiscal year the company's renewed exploration activities in the Anadarko Basin and the Rocky Mountain areas of Montana and Wyoming will be aided by the employment of additional working capital. The profits which should result from these activities will be augmented by the Muddy oil production and the likelihood of a sale of a portion of your company's interest in some of the large blocks of acreage it owns in the Arctic Islands and Northern and Eastern Canada.

Your management feels that successful investment of the funds received from the public offering will be completed by the end of the first half of the 1970 fiscal year. Your company will continue to benefit from the technical and professional talents of its officers and employees.

The directors believe the company's current ventures and plans hold promise for an active and rewarding year.

On behalf of the board of directors

E. B. Clark Jr.

E. B. CLARK, Jr.,
President.

July 14, 1969

Exploration and Development

As of May 31, 1969, the company held working and overriding royalty interests in oil and gas leases, drilling reservations and/or permits in Alberta, Saskatchewan, Hudson Bay, Alaska, the Northwest Territories, Northern and Eastern Canada, the Arctic Islands, Montana and Wyoming. The maps included with this report show the general location of all acreage.

Since the end of the 1969 fiscal year, the company has also acquired oil and gas leases in Oklahoma and will participate through a subsidiary in a venture which will earn it a significant undivided interest in oil and gas leases off the coasts of Louisiana and Texas.

Hay Lake: In March of 1969 the company, in conjunction with Hudson Bay's Oil and Gas Company, drilled the Hudson Bay-Clark Canadian #1 Hay Lake well on a drilling reservation in the Hay Lake area of Northern Alberta. This well was drilled after an extensive seismic program was conducted by Hudson's Bay in the area. The well was drilled to a total depth of approximately 5,500 feet and discovered gas in the Slave Point formation and oil in the Keg River formation. The well was initially potentialed at 6.5 MCF of gas per day and 196 bbl. of oil per day and is now shut-in awaiting a market. The company presently holds a 5% net interest in 1,280 gross acres in the area.

Youngstown: The company has recently concluded the evaluation of the seismic program conducted with Sunlite Oil Company Limited on approximately 35,000 gross acres of leases in this area. The program did not indicate any anomalies of drilling interest in this area and the company's interest has now been terminated.

La Glace: The company participated in the drilling of the Fife Petroleum #1 La Glace well in February of 1969. The well was dry and abandoned although shows of oil were encountered. No further drilling activity is contemplated by the company in this area, although its interest will be maintained with a view to farming this acreage out to another oil company.

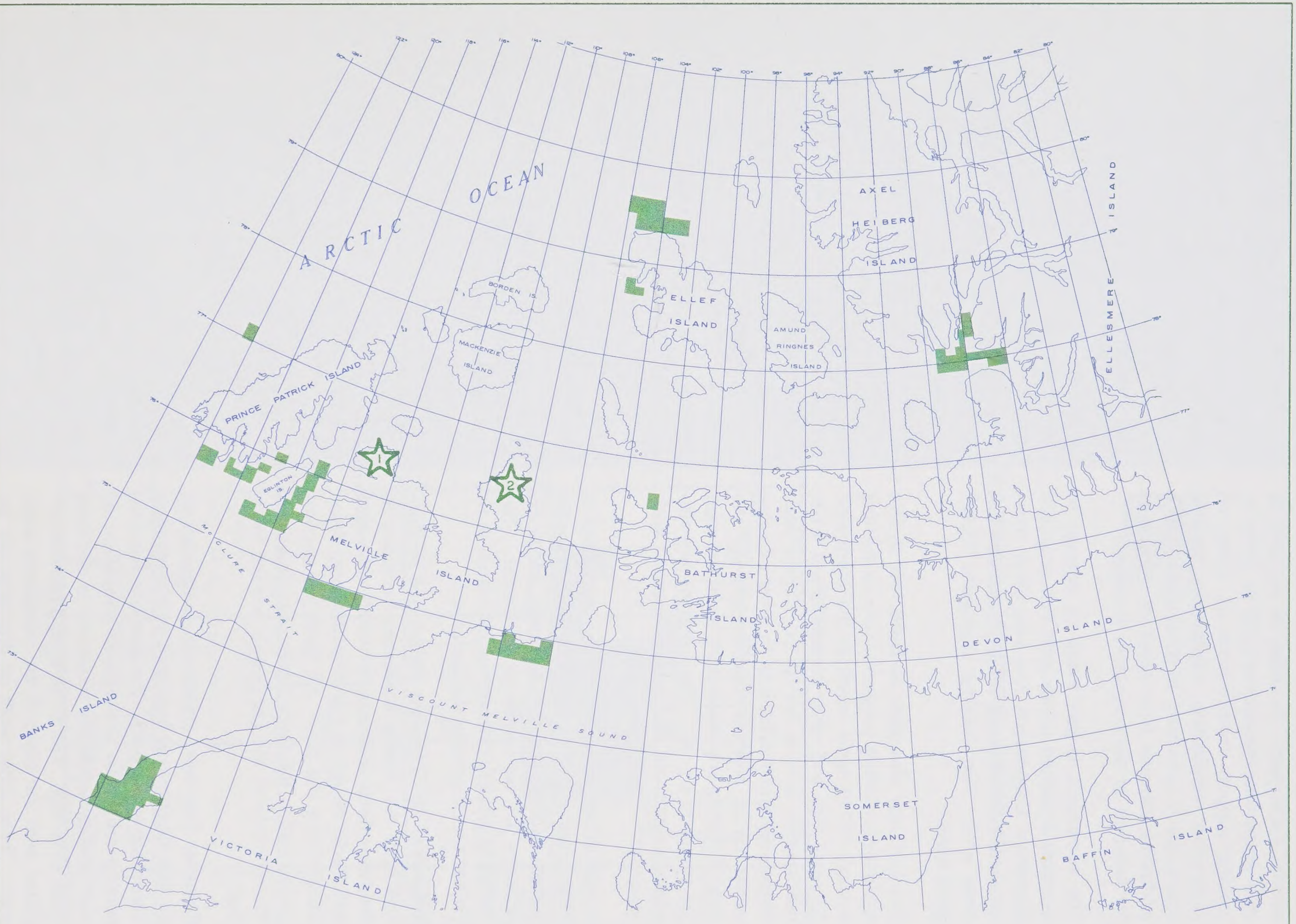
Hudson Bay: Negotiations have been completed with Mobil Oil Canada Ltd. for the sale of one-half of Clark Canadian's interest in the exploration permits located in Hudson Bay. The sale reduced the company's net interest in 1,604,870 gross acres from one-third to one-sixth. The company realized a profit over its initial investment in these permits.

Alaska, Northwest Territories, Arctic Islands: The company currently holds large blocks of acreage in these areas. The lands were acquired at relatively low costs, and management believes that they are strategically located geologically. These areas have been the focal point of a notable increase in interest by oil companies and the public during the last year, as a result of the oil discovery drilled at Prudhoe Bay in Northern Alaska and the exploratory drilling program undertaken by the Pan Arctic Oil Ltd. consortium in the Arctic Islands.

Weather, accessibility and logistics preclude all but major oil companies from active exploration at the present time. Consequently, the company's efforts in these areas will not include any exploratory drilling, but instead will be concentrated on making sales of portions of its interests from time to time at a profit over the original cost.

Your attention is directed to the map which indicates the location of the company's Arctic Islands acreage and the locations of the first two exploratory wells currently being drilled by Pan Arctic Oils Ltd.

Montana: The Muddy acreage in this state has not yet received the intensive exploratory drilling by oil companies that comparable acreage in Wyoming has received. However, the company feels that drilling activity in this area will be significantly increased during the



Acreage Interests in

ARCTIC ISLANDS

CLARK CANADIAN EXPLORATION COMPANY

current fiscal year. In order to evaluate its own properties, management will be active in making support contributions to other oil companies conducting exploratory drilling operations in proximity to its acreage and in evaluating requests from other oil companies for farmouts of the company's acreage.

The company's largest block of acreage in Montana is owned jointly with Pan American Petroleum Corporation and two other independent oil companies in the Northwest Recluse area. The holding aggregates 53,429 gross acres.

The company also plans to build four to five exploratory drilling programs from its existing acreage (9,710 gross acres) in the Northwest Sonnette area and other acreage it will lease, purchase or farm-in during the current year. These programs will be sold to other oil companies for an amount which should pay the cost of drilling any exploratory wells and earn the company a profit. The company will also retain a significant undivided interest in each program.

Similar drilling programs will be assembled in other areas of the Powder River Basin in Southeastern Montana if the necessary additional acreage can be leased or purchased. The company plans to discontinue its interest in its Pocket Creek acreage this summer.

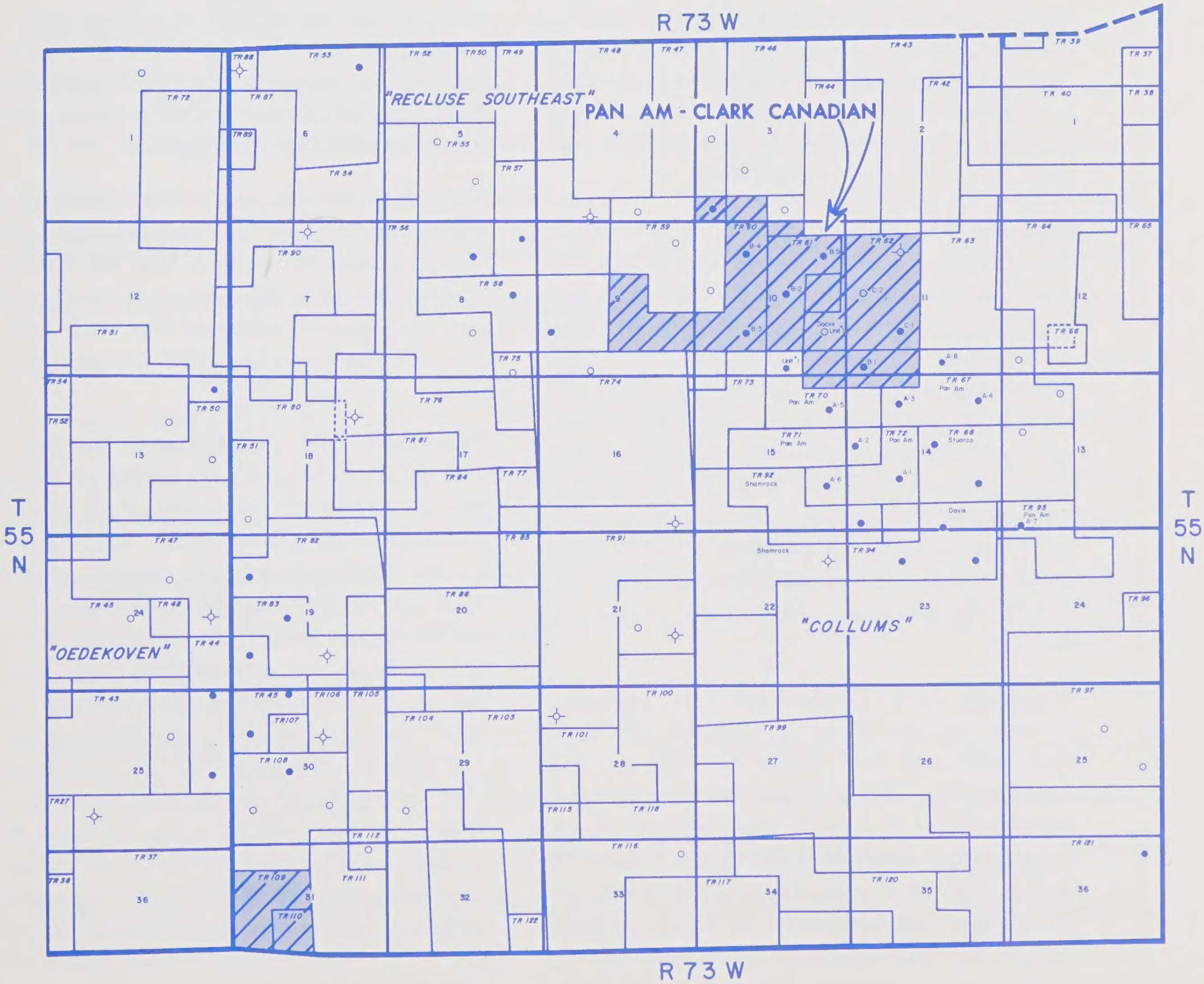
Wyoming: The company established production from the Muddy Sandstone formation in four new fields (Collums, Whitetail, Olmstead and Rocky Point) in Campbell County, Wyoming during the year. All fields are encompassed within the Duck Creek area shown on the schedule of the company's acreage holdings.

Collums: The most significant discoveries of oil that the company has made in its three-year history are in this field. The company has now participated in the drilling and completion of eight Muddy Sandstone producers in this field since early May. Five of these wells were completed after the close of the company's fiscal year. Three other wells in this field will be

SUMMARY OF ACREAGE HOLDINGS
(as at May 31, 1969)

Geographical Area	Gross Acres	Net Acres
Alberta		
Hay Lake	5,120	256
NW Zama Lake	320	20
Bassett Lake	3,840	96
Youngstown	35,040	1,466
La Glace	6,240	780
Saskatchewan		
NW Dollard	16,009	1,576
Carlyle	600	376
W. Workman	4,469	1,181
Pleasant Plains	2,240	641
Wapella	3,892	1,373
Hudson Bay	1,604,870	267,478
Alaska		
Chukchi Basin	37,940	12,350
Porcupine River	58,880	23,552
Norton Sound	112,640	45,056
Bethel Basin	28,160	3,432
Bristol Bay	9,600	1,170
NW Territories		
Beaufort Sea	285,821	71,455
Northern and Eastern Canada		
Flemish Cap	735,837	183,959
Labrador Coast	394,298	98,574
Baffin Island	1,158,884	289,721
Foxe Basin	493,356	123,339
Arctic Islands		
Melville Island	1,553,609	388,402
Prince of Wales Strait	819,883	204,970
Ellef Island	650,716	162,679
Ellesmere Island SW .	476,739	119,186
Montana		
Brorson	982	982
NW Sonnette	9,710	3,483
SE Sonnette	960	90
NW Recluse	53,429	7,596
N. Remington Creek	4,529	679
Crow-Benteen	7,714	1,583
Pocket Creek	28,881	28,621
W. Lodge Grass	2,220	1,676
Wyoming		
N. Kitty	4,219	765
N. Sandbar	2,697	382
Duck Creek	9,652	2,230
Little Powder River .	1,028	257
S. Recluse	161	18
Wildcat Creek (ORR)	2,640	...
NW Denver Basin ..	22,527	2,816
NW Denver Basin (ORR)	72,964	...
Total	8,723,316	2,054,266

COLLUMS FIELD — CAMPBELL COUNTY, WYOMING



commenced immediately, and the company feels that they will be comparable producers.

Your company has a 20.6% net revenue interest in six of these wells, and a 20.3% revenue interest in the other two wells. Pan American has the largest interest in all of these wells. The pay thicknesses of the eight wells range from 12 to 24 feet of net Muddy Sandstone formation.

All of the wells have just commenced commercial production or are being potentialed and/or tested. Management believes that it will be a short period of time before the ultimate long-term potential of all these wells are known. However, the company knows that all of the presently-drilled wells will be successful commercial producers and will significantly augment the company's monthly income from oil production. Your attention is directed to the map which shows the location of the company's acreage, the completed wells and the future drill sites in this field.

Whitetail: The company now has a 25% working interest in two producing oil wells in this field. Gross production from the wells averages approximately 100 bbl. of oil per day. The report of J. C. Sproule and Associates Ltd., which was prepared in connection with the company's public offering in February of 1969, estimated the company's net share of remaining reserves in this field to be 64,100 barrels. The company may contribute part of its acreage (approximately 30 acres) to the drilling of an additional unit well in fiscal year 1970, but it will not undertake any further drilling in this area.

Olmstead: Clark Canadian has one producing oil well and one shut-in gas well in this field. The initial well was drilled by Texakota Oil Company on a farmout from the company and Pan American Petroleum Corporation. Clark Canadian has an overriding royalty interest in the oil well until such time as the farmee of the acreage has recovered all of its drilling, completion and operating costs with respect to the well. At such time, the company's interest will convert to a 12.5% working interest. The company has a 25% working interest in the shut-in gas well. No further drilling is contemplated in this area.

Rocky Point: Your company has a 6.4% net revenue interest in two producing Muddy Sandstone wells in this area. Both wells were drilled by Love Oil Company on a farmout from the company. Gross production from the wells has averaged approximately 160 bbl. of oil per day since commercial production began in the early part of July. The company plans to contribute acreage to the drilling of two additional wells in this area during the coming year.

Other Areas: The company will probably drill an exploratory well on its 161-acre South Recluse tract during the 1970 fiscal year. The company's remaining one-eighth interest in the leasehold acreage of the Northwest Denver Basin area will be terminated as rental payment dates become due this summer.

Wyoming continues to be the center of substantial exploratory and development drilling. The past year has proven that the company's acreage spread in this area is very well located, and management believes that 1970 will also be a fruitful year for Clark Canadian in this state.

Exploratory and Development Drilling

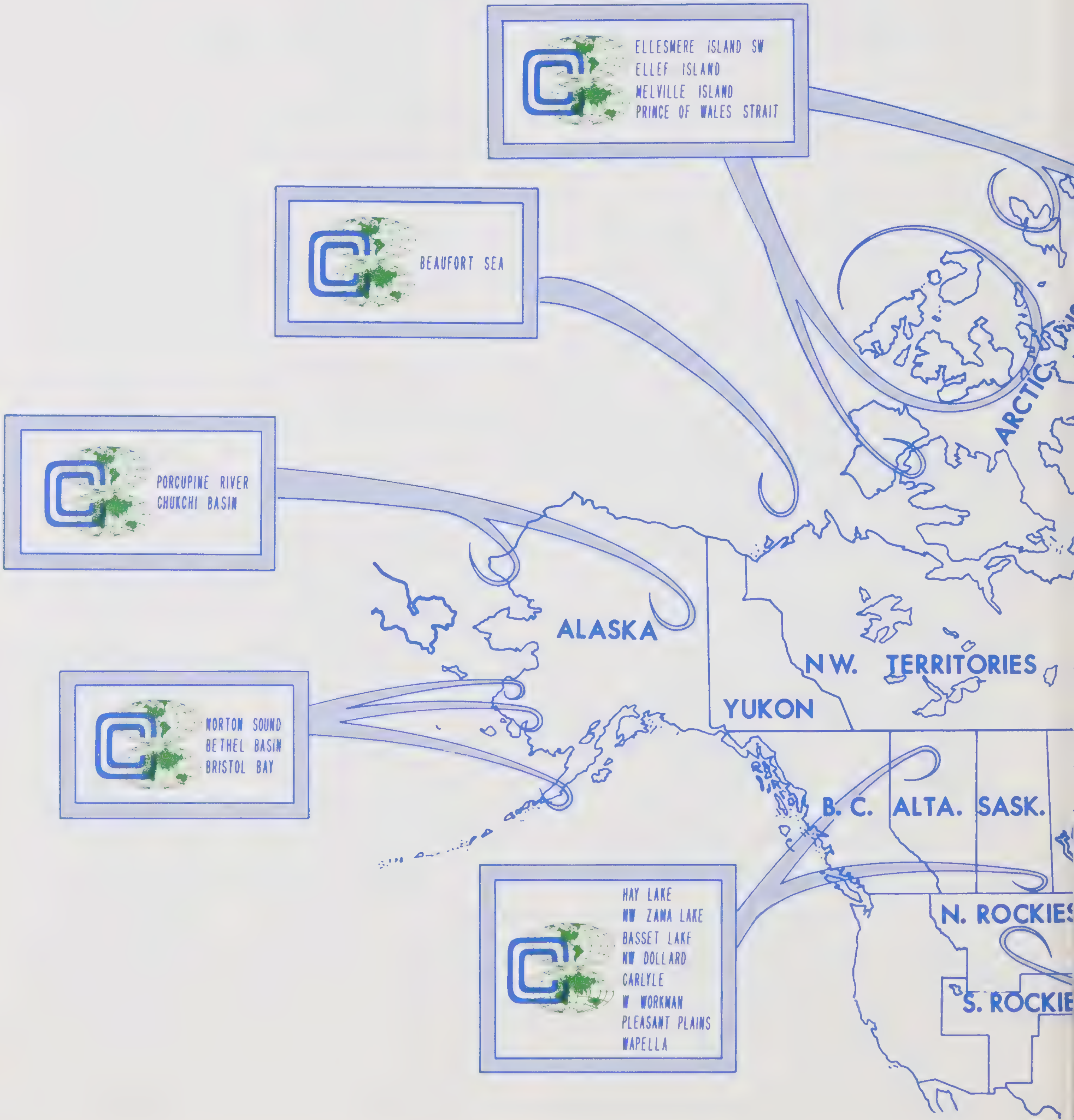
The company is justifiably proud of the number of commercial producers of oil and/or gas it has discovered during the 1969 fiscal year. As the following schedule shows, of the 20 wells which the company participated in drilling during the period, 10 discovered oil and/or gas, while only 4 of the 10 dry holes involved any direct drilling cost to the company. Moreover, the company has participated in the drilling and completion of five additional oil wells in the short interval since the end of the 1969 fiscal year. Twelve of the 15 wells drilled to date, and the last 10 in a row since the company completed its public financing in February, have been completed as oil and/or gas wells. The company hopes that it will be able to maintain a comparable success ratio during 1970.

Schedule of Exploratory and Development Drilling

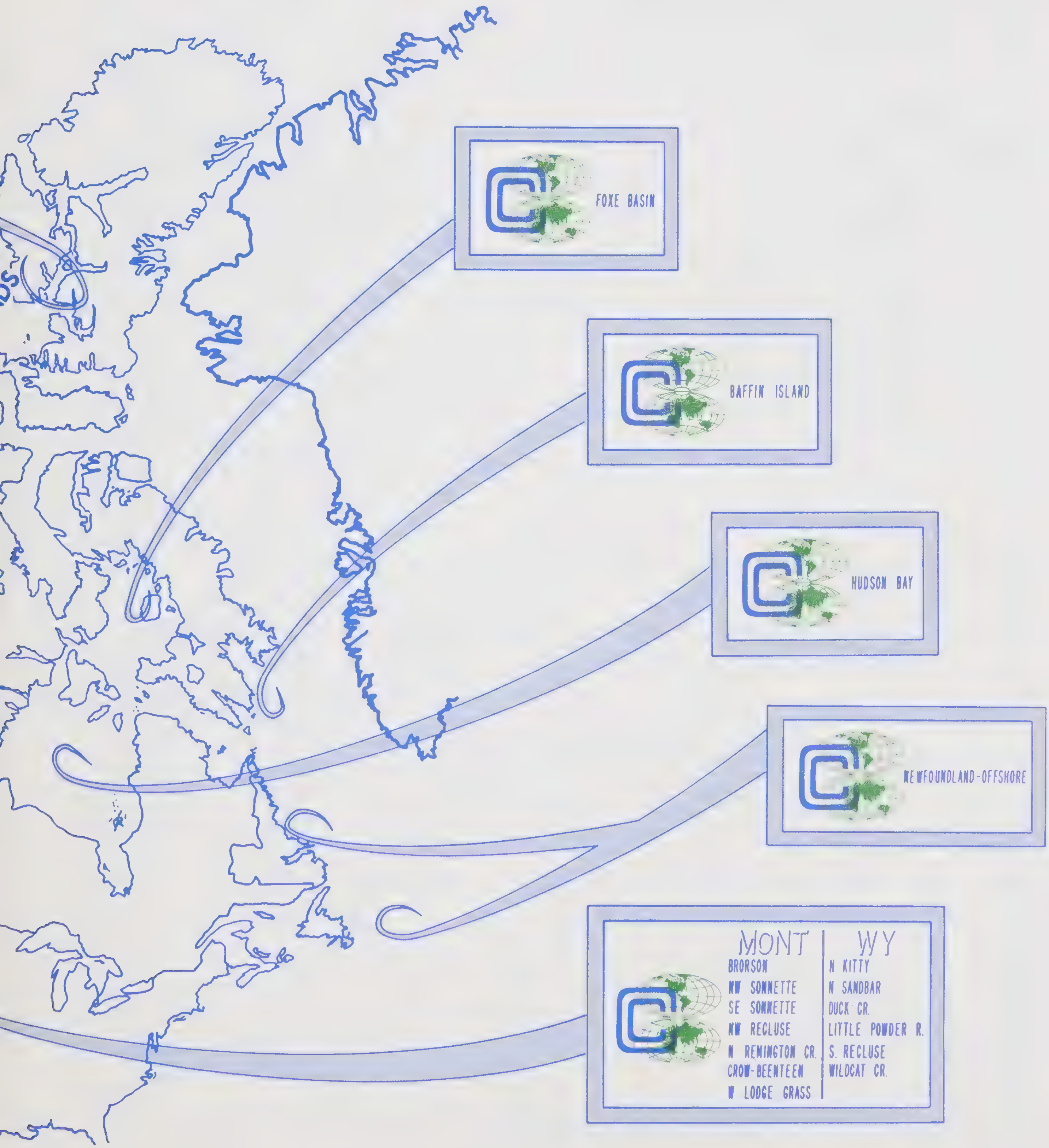
Well Name	Area	Company Interest	Status
Pan-Am — #1 USA Vincent L. White	Montana	15% Carried Working Interest	Dry & Abandoned
Glenn A. Dow — #1 Government Smith	Wyoming	15% Carried Working Interest	Dry & Abandoned
Glenn A. Dow — #1 Government Hondo	Wyoming	33% Working Interest	Dry & Abandoned
Clark Canadian — #1 Conoco Federal	Montana	18.75% Carried Working Interest	Dry & Abandoned
Pan-Am — #1 USA William H. Moore	Wyoming	25% Working Interest	Muddy Sandstone Oil Well
Pan-Am — #1 USA Peter Thomas	Wyoming	15% Carried Working Interest	Dry & Abandoned
Michigan Wisconsin — 3-36-14-1 Wapella	Saskatchewan	33.42% Working Interest	Dry & Abandoned
Pan-Am — #1 W. C. Trusler	Montana	10% Carried Working Interest	Dry & Abandoned
Texakota Oil Co. — #1 Federal	Wyoming	12.5% Working Interest after payout	Muddy Sandstone Oil Well
Pan-Am — USA William H. Moore "B" #1	Wyoming	25% Working Interest	Muddy Sandstone Oil Well
Pan-Am — USA William H. Moore "B" #2	Wyoming	25% Working Interest	Dry & Abandoned
Fife Petroleum — #1 La Glace	Alberta	12.5% Working Interest	Dry & Abandoned
Love Oil Company — #1 State "D"	Wyoming	6.4% Carried Working Interest	Muddy Sandstone Oil Well
Hudson Bay — Clark Canadian #1 Hay Lake	Alberta	5% Carried Working Interest	Slave Point-Gas Well Keg River-Oil Well
Joseph Paine — #1 Federal	Wyoming	6.25% Carried Working Interest	Dry & Abandoned
Pan-Am — USA Clark Canadian "A" #1	Wyoming	25% Working Interest	Muddy Sandstone Gas Well
Love Oil Company — #1 Federal McCulloch	Wyoming	6.4% Working Interest	Muddy Sandstone Oil Well
Pan-Am — USA Clark Canadian "B" #1	Wyoming	25% Working Interest	Muddy Sandstone Oil Well
Pan-Am — USA Clark Canadian Unit #1	Wyoming	12.5% Working Interest	Muddy Sandstone Oil Well
Pan-Am — USA Clark Canadian "C" #1	Wyoming	25% Working Interest	Muddy Sandstone Oil Well

ACREAGE

CLARK CANADIAN



OLDINGS OF
PLORATION COMPANY



clark canadian exploration company

BALANCE SHEETS (Note 2)

(Canadian Dollars)

ASSETS	May 31 1969	May 31 1968 (Restated) (Note 1)
CURRENT ASSETS:		
Cash	$ 334,450	$ 11,287
Certificates of deposit (Note 9)	657,315	—
Cash held in escrow	—	12,620
Marketable securities, at cost which approximates market	300,255	10,009
Accounts and notes receivable	101,042	488,175
Leases held for resale, at cost	222,466	26,702
Deposits and prepaid expenses	34,329	2,164
Total current assets	1,649,857	550,957
PROPERTY AND EQUIPMENT, at cost (Notes 1, 3, 4, 7 and 9):		
Oil and gas properties, including lease and well equipment	596,174	395,873
Furniture and fixtures	14,458	7,020
	610,632	402,893
Less — Reserves for depreciation, depletion and amortization	184,179	162,763
	426,453	240,130
OTHER ASSETS	775	1,182
	$2,077,085	$ 792,269

LIABILITIES

	May 31 1969	1968 (Restated) (Note 1)
CURRENT LIABILITIES:		
Short-term notes payable (Note 9)	**$ 266,841**	$ 407,914
Current maturities on long-term debt (Note 9)	**10,893**	12,984
Accounts payable	**78,013**	108,173
Accrued liabilities	**8,418**	5,625
Deferred income taxes (Notes 2 and 7)	**—**	76,930
Total current liabilities	**364,165**	611,626
DEFERRED INCOME TAXES (Notes 2 and 7)	**39,015**	13,092
LONG-TERM DEBT (Note 9):		
Note payable to bank, less current maturities above	**12,346**	22,866
SHAREHOLDERS' INVESTMENT (Notes 1, 3, 4, 5, 6 and 8):		
Common stock, no par value —		
Authorized 5,000,000 shares		
Issued 1,914,285 shares	**1,227,646**	—
Common stock, $1.082 par value —		
Authorized 20,000 shares		
Issued 15,000 shares	**—**	16,230
Capital surplus	**373,096**	—
Retained earnings	**60,817**	128,455
	1,661,559	144,685
	$2,077,085	$ 792,269

The accompanying notes to financial statements are an integral part of these balance sheets.

clark canadian exploration company

Statements of Operations (Note 2)

(Canadian Dollars)

	Year Ended May 31 1969	1968 (Restated) (Note 1)
OPERATING REVENUES:		
Contract drilling and lease sales	$ 242,284	$ 865,758
Oil sales	32,972	18,960
Geological services and sublease bonus income	16,264	93,011
	291,520	977,729
OPERATING EXPENSES (Note 1):		
Cost of contract drilling and lease sales	91,556	493,106
Geological expenses	53,619	39,180
Production expenses	8,936	8,048
General and administrative expenses	237,276	170,794
Depreciation, depletion and amortization (including in 1968, a provision of $70,000 to reduce the investment in developed properties to the estimated fair market value of recoverable oil and gas reserves) (Note 1)	21,416	157,634
	412,803	868,762
INCOME (LOSS) FROM OPERATIONS	(121,283)	108,967
OTHER INCOME (EXPENSE):		
Interest expense	(20,742)	(13,533)
Other	25,697	2,337
	4,955	(11,196)
INCOME (LOSS) BEFORE INCOME TAXES	(116,328)	97,771
PROVISION FOR DEFERRED INCOME TAXES (Notes 2 and 7)	—	(36,788)
TAX BENEFIT OF OPERATING LOSSES (Notes 2 and 7)	48,690	—
NET INCOME (LOSS)	$ (67,638)	$ 60,983
EARNINGS (LOSS) PER COMMON AND COMMON EQUIVALENT SHARE (Note 10)	$(.05)	$ .06
EARNINGS (LOSS) PER COMMON SHARE, ASSUMING FULL DILUTION (Note 10)	$(.05)	

The accompanying notes to financial statements are an integral part of these statements.

Statements of Shareholders' Investment (Note 2)

(Canadian Dollars)

YEAR ENDED MAY 31, 1968:	Common Stock (Note 8) Number of shares Outstanding	$1.082 Par Value	No Par Value	Capital Surplus	Retained Earnings
Balances, beginning of year, as previously reported	15,000	$ 16,230	$ —	$ —	$ 48,296
Adjustment to beginning balances— Expenses incurred in prior years, capitalized upon retroactive adoption of full cost accounting for oil and gas properties (Note 1)					19,176
Balances, beginning of year, as restated	15,000	16,230	—	—	67,472
Net income for the year					60,983
Balances, end of year	15,000	$ 16,230	$ —	$ —	$ 128,455

YEAR ENDED MAY 31, 1969:	Number of shares Outstanding	$1.082 Par Value	No Par Value	Capital Surplus	Retained Earnings
Balances, beginning of year	15,000	$ 16,230	$ —	$ —	$ 128,455
Common stock issued in connection with merger with Amherst Canadian Oil Company (Note 3)	137	148		10,887	
Common stock issued in exchange for producing oil and gas properties (Note 4)	155	168		12,352	
Conversion of 15,292 shares of $1.082 par value common stock into 1,114,285 shares of newly authorized no par value common stock (Note 5)	1,098,993	(16,546)	16,546		
Sale of 700,000 shares of no par value common stock (Note 6)	700,000		1,050,000	350,000	
Stock issuance expenses (Note 6)				(53,843)	
Exercise of option to purchase 100,000 shares of common stock by underwriter (Note 6)	100,000		161,100	53,700	
Net (loss) for the year					(67,638)
Balances, end of year	1,914,285	$ —	$1,227,646	$ 373,096	$ 60,817

The accompanying notes to financial statements are an integral part of these statements.

Statements of Source and Application of Funds (Note 2)

(Canadian Dollars)

	Year Ended May 31 1969	1968 (Restated) (Note 1)
FUNDS WERE PROVIDED FROM:		
Net income (loss) for the year	**$ (67,638)**	$ 60,983
Add charges (deduct credits) to income not requiring funds		
Depreciation, depletion and amortization (Note 1)	**21,416**	157,634
Increase (decrease) in non-current deferred income taxes (Notes 2 and 7)	**25,923**	(6,760)
Funds provided from operations	**(20,299)**	211,857
Net proceeds from issuance of common stock (Notes 3, 4 and 6)	**1,561,999**	—
Net proceeds from long-term borrowings (Note 9)	**—**	22,866
Reduction in other assets	**465**	494
	1,542,165	235,217
FUNDS WERE APPLIED TO:		
Additions to oil and gas properties	**177,846**	327,017
Additions to furniture and fixtures	**7,438**	5,423
Reduction in long-term borrowings (Note 9)	**10,520**	—
	195,804	332,440
INCREASE (DECREASE) IN WORKING CAPITAL	**$1,346,361**	$ (97,223)

The accompanying notes to financial statements are an integral part of these statements.

Auditors' Report

To the Shareholders and the Board of Directors,
Clark Canadian Exploration Company:

We have examined the balance sheets of CLARK CANADIAN EXPLORATION COMPANY (a Texas corporation) as of May 31, 1969, and May 31, 1968, and the related statements of operations, shareholders' investment and source and application of funds for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets and statements of operations, shareholders' investment and source and application of funds present fairly the financial position of Clark Canadian Exploration Company as of May 31, 1969, and May 31, 1968, and the results of its operations and the source and application of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change in the method of accounting for oil and gas properties, as explained in Note 1 to the financial statements.

Denver, Colorado,
July 9, 1969.

ARTHUR ANDERSEN & CO.,

Notes to Financial Statements
May 31, 1969

1. CHANGE IN METHOD OF ACCOUNTING FOR OIL AND GAS PROPERTIES

Prior to the fiscal year ending May 31, 1969, intangible development costs, dry hole costs, abandonments and lease rentals were charged to expense as incurred; costs of undeveloped leases were capitalized. Lease costs applicable to producing properties were capitalized and amortized over the productive lives of each property on the unit-of-production method, based on the estimated recoverable oil and gas reserves of each property.

During the fiscal year ended May 31, 1969, the Company retroactively changed its method of accounting for costs applicable to oil and gas properties. All direct costs incurred in the acquisition, exploration and development of oil and gas reserves (including intangible development costs, dry hole costs, costs of undeveloped properties, abandonments, and lease rentals) are now capitalized and amortized on a company-wide unit-of-production method based on total estimated recoverable oil and gas reserves.

The net effect of this change was to reduce the aggregate charges to retained earnings for the period prior to June 1, 1967, by $19,176, and to reduce net income for the year ended May 31, 1968, by $1,676, as compared with the amounts previously reported. The accompanying financial statements as of and for the year ended May 31, 1968, have been adjusted to reflect this change.

2. BASIS OF ACCOUNTING AND REPORTING

Prior to the fiscal year ending May 31, 1969, the Company maintained its accounts and filed its income tax returns on the cash basis. To present the Company's financial position and the results of its operations in accordance with generally accepted accounting principles, the financial statements were prepared on the accrual basis.

The Company now maintains its accounts on the accrual basis, but will continue to file its income tax returns on the cash basis. This change from maintaining its accounts on the cash basis to the accrual basis has no effect upon the financial statements for the year ended May 31, 1969, or for the years previously reported upon.

The accounts of the Company are maintained in United States currency and have been converted into Canadian dollars at a standard exchange rate of 1.082.

3. MERGER WITH AMHERST CANADIAN OIL COMPANY

On August 31, 1968, the shareholders of Clark Canadian Exploration Company and Amherst Canadian Oil Company approved the merger of Amherst into Clark. In connection with the merger Clark issued 137 shares of its $1.082 par value common stock in exchange for the 20,000 outstanding shares of common stock of Amherst. For accounting purposes the merger has been treated as a purchase and, accordingly, the excess of value received over the par value of the shares issued ($10,887) has been credited to capital surplus. The results of operations of the properties acquired in the merger with Amherst have been included in the statements of operations, shareholders' investment and source and application of funds since the date of the merger, August 31, 1968.

Amherst's unaudited financial statements for its fiscal year ended August 31, 1968, showed a loss from operations of approximately $13,700.

4. **PRODUCING PROPERTY ACQUISITION**

On September 1, 1968, the Company issued 155 shares of its $1.082 par value common stock in exchange for certain producing oil and gas properties. The excess of value received over the par value of the stock issued of $12,352 has been credited to capital surplus.

5. **INCREASE IN COMMON STOCK AUTHORIZED AND OUTSTANDING**

On December 30, 1968, the Articles of Incorporation of the Company were amended to increase the common stock authorized to 5,000,000 shares without par value, and the 15,292 common shares then outstanding were converted into 1,114,285 shares of the newly authorized common stock with no par value.

6. **SALE AND ISSUANCE OF 700,000 SHARES OF COMMON STOCK**

Under the terms of an underwriting agreement dated January 3, 1969, and amended on February 7, 1969, between the Company and Moss, Lawson & Co., Limited, of Toronto, Ontario (the underwriter), the Company agreed to sell 700,000 shares of its newly authorized no par value stock at $2.00 a share. The underwriter agreed to purchase all such shares and to offer such shares to the public at $2.20 per share.

The Company also granted the underwriter an option to purchase an additional 100,000 shares of common stock at 80 percent of the market bid price on the date of the exercise of the option, but not less than $2.00 per share. The underwriter exercised its option as follows:

Date Exercised	Number of Shares	Price
February 11, 1969	54,000	$2.00
February 13, 1969	10,000	2.36
February 14, 1969	20,000	2.24
April 28, 1969	16,000	2.40
	100,000	

The proceeds to the Company from the sale of the 700,000 shares and the exercise of the option by the underwriter to purchase the additional 100,000 shares totaled $1,614,800. In accordance with the statutes of the State of Texas, the state in which the Company is incorporated, 75 percent of the proceeds from the sale of the no par value common stock has been credited to common stock, and the remainder has been credited to capital surplus.

7. **INCOME TAXES**

As explained in Note 1 to the financial statements the Company follows the policy, generally known as full cost accounting, of capitalizing all direct costs incurred in the acquisition, exploration and development of oil and gas reserves. The allowable amounts of these capitalized costs are deducted for income tax purposes. To properly match costs and related revenues, the Company has charged to income as part of the income tax provision an amount equivalent to the related tax benefits.

The Company also files its income tax returns on the cash basis but the provision for income taxes in the statements of operations and the deferred income tax liability in the balance sheet have been computed on the accrual basis. That portion of deferred taxes attributable to the differences between the cash tax basis and the accrual accounting basis is included in current liabilities. The portion of deferred taxes resulting from the difference in timing of deductions applicable to oil and gas property cost (see Note 1) has been shown as a noncurrent liability.

The tax benefit of the operating loss for the year ended May 31, 1969, has been used to reduce the deferred income tax liability provided on income in prior years.

8. STOCK OPTIONS

Pursuant to a resolution by the Board of Directors of the Company on January 3, 1969, stock options consisting of 75,000 shares of no par value common stock were granted to officers and key employees of the Company. These options are exercisable at any time for a period of five years from January 3, 1969, at $2.00 per share. An additional option for 5,000 shares was granted to an employee on May 20, 1969. This option is exercisable at any time for a period of two years from April 25, 1969, at $2.67 per share. None of these options have been exercised as of May 31, 1969.

9. NOTES PAYABLE

Notes payable are summarized as follows:

	May 31, 1968 Current Maturities	May 31, 1968 Long-Term
6½% note for $159,595, due September 19, 1968, and 8% note for $27,050, due July 24, 1968, payable to Mrs. E. B. Clark, Sr.; $27,050 secured by 4,000 acres of nonproducing leases in Campbell County, Wyoming	$ 186,645	$ —
7½% note payable to a bank, due June 28, 1968; secured by $201,252 of accounts receivable	201,252	—
7¾% notes payable to a bank, due on demand; guaranteed by shareholders	20,017	—
	407,914	—
8% note payable to a bank, payable from oil production; secured by oil production from three producing wells	12,984	22,866
	$ 420,898	$ 22,866

	May 31, 1969 Current Maturities	May 31, 1969 Long-Term
8¼% note payable to bank, due August 25, 1969; secured by certificate of deposit for $108,200; note paid in June, 1969	$ 108,200	$ —
8¼% notes payable to bank, due on demand; notes paid in June, 1969	158,641	—
	266,841	—
8¼% note payable to bank, payable from oil production; secured by oil production from three producing wells	10,893	12,346
	$ 277,734	$ 12,346

10. **EARNINGS PER SHARE**

Earnings per common and common equivalent share and earnings per common share assuming full dilution have been determined in accordance with Opinion #15 of the Accounting Principles Board of the American Institute of Certified Public Accountants. The effect of the conversion of common stock discussed in Note 5 to the financial statements has been reflected in the determination of earnings per share for 1969 and 1968.

Earnings per common and common equivalent share have been determined as if outstanding options had been exercised when granted and the proceeds of exercise used to purchase common stock at the average market price for the period. There were no options outstanding during the year ended May 31, 1968.

Earnings per common share assuming full dilution have been determined as if options had been exercised when granted and the proceeds of exercise used to purchase common stock at the market price at the close of the period (or at date exercised as to options exercised during the period).

The computations of earnings per share do not include the effect of the outstanding options for any period where their inclusion would result in increasing the earnings per share or decreasing the loss per share.

ANNUAL MEETING

You are cordially invited to attend the annual meeting of the shareholders of the company to be held on Tuesday, the 19th day of August, 1969, at 10:00 a.m. at the Penthouse, 19th Floor, Canada Trust Company Building, 110 Yonge Street, Toronto, Ontario. Officers and employees of the company will be present to discuss the company's acreage and drilling programs with shareholders who desire to do so after the conclusion of such meeting.

Printed in Canada.

CLARK CANADIAN EXPLORATION COMPANY
824 PATTERSON BUILDING, DENVER, COLORADO 80202
307 FIFTH AVENUE S.W., CALGARY 1, ALBERTA

clark canadian exploration company

INTERIM REPORT
SIX MONTHS ENDED
NOVEMBER 30, 1969

clark canadian exploration company

HEAD OFFICE:
824 Patterson Building
Denver, Colorado 80202

BRANCH OFFICE:
798 Pacific Plaza
Calgary 1, Alberta
Canada

HIGHLIGHTS
SIX MONTHS ENDED NOVEMBER 30, 1969

The Company's revenues from oil sales increased to $174,060, from $10,440, during the current period primarily due to completion of eight successful development wells in the Collums Field in Wyoming; nevertheless, operations resulted in a net loss of $132,262. As mentioned in the Company's Annual Report for 1969, management intended to devote its time during the first half of the 1970 fiscal year to the investment of the remainder of the funds received from the Canadian public in February, 1969. Such funds have been used to assemble drilling programs which are expected to be completed prior to the end of the 1970 fiscal year.

During December, operations commenced on the first of the Company's four-well drilling program in the Powder River Basin of southeastern Montana. The Company has assembled approximately 10,000 gross and 7,000 net acres in the immediate area of the four wells. The primary objective of the wells is to locate oil production in the Muddy Sandstone. The first of the wells, designated Clark Canadian #1 Hawks, has been plugged and abandoned. The remaining three wells in this program should be drilled by the end of February of this year. In addition, a five-well drilling program in the Anadarko Basin of western Oklahoma has been assembled by the Company. It is expected that drilling will commence on this program in January of 1970. The Anadarko Basin is one of the most prolific producing areas in the United States, with many formations having potential of oil and/or gas production.

The Company recently completed negotiations with two Canadian oil and gas companies providing for the transfer of interests in 1,100,000 gross acres of the Company's jointly held exploration permits in the Arctic Islands. The interests are to be earned by performance of all of the work obligations on the acreage through 1972 and payment of a cash bonus. The Company anticipates sales of additional portions of the Company's interests in some of the large blocks of acreage it owns in the Arctic Islands and Northern and Eastern Canada.

The first three exploratory wells drilled by the Louisiana and Texas offshore venture in which the Company's wholly-owned subsidiary, Clark Canadian Offshore, Inc., is participating with nine other individuals and companies have now been plugged and abandoned. The venture is presently drilling a well designated as South Timbalier Block 86 Offshore Louisiana.

Recent developments in the petroleum and natural gas industry have caused your management to direct its primary efforts to exploration for natural gas in Canada as well as in the Anadarko Basin of western Oklahoma. These exploration efforts are intended to take advantage of the impending shortages of natural gas in the United States and the consequent rise in well head price for natural gas reserves. In connection with this decision, your Company recently participated in the acquisition of approximately 147,000 gross reservation acres in the East Cold Lake Area in West Central Saskatchewan. This area is considered to have a high potential for locating natural gas reserves.

January 12, 1970

E. B. Clark Jr.

E. B. CLARK, Jr.,
President

CLARK CANADIAN EXPLORATION COMPANY AND SUBSIDIARY

	Six Months Ended November 30, 1969	1968
	(Canadian Dollars—Unaudited)	
CONSOLIDATED STATEMENTS OF OPERATIONS		
OPERATING REVENUES:		
Oil sales	$ 174,060	$ 10,440
Contract drilling and lease sales	107,118	182,382
	281,178	192,822
OPERATING EXPENSES:		
Production expenses	37,225	2,693
Cost of contract drilling and lease sales	44,473	69,129
Geological expenses	70,736	24,038
General and administrative	210,429	103,141
Depreciation, depletion and amortization	67,000	6,344
	429,863	205,345
(LOSS) FROM OPERATIONS	(148,685)	(12,523)
OTHER INCOME (EXPENSES)	16,423	(10,149)
(LOSS) BEFORE INCOME TAXES	(132,262)	(22,672)
TAX BENEFIT OF OPERATING LOSSES	—	5,500
NET (LOSS)	$(132,262)	$ (17,172)
(LOSS) PER SHARE, ASSUMING FULL DILUTION	$ (.07)	$ (.02)
CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS		
FUNDS PROVIDED:		
Issuance of common stock	$ 2,000	$ 23,555
FUNDS APPLIED:		
Net (loss) for the period	(132,262)	(17,172)
Less—charges to income not requiring funds	67,000	6,344
Funds applied to operations	(65,262)	(10,828)
Additions to oil and gas properties	414,995	57,750
Additions to furniture and fixtures	13,551	4,766
Reduction in long term borrowings	12,346	6,438
	506,154	79,782
DECREASE IN WORKING CAPITAL	$ 504,154	$ 56,227

NOTE: The consolidated statements include the accounts of the Company and its wholly-owned subsidiary, Clark Canadian Offshore, Inc., formed in 1969. All inter-company accounts and transactions have been eliminated.

Prior to the fiscal year ending May 31, 1969, intangible development costs, dry hole costs, abandonments and lease rentals were charged to expense as incurred; costs of undeveloped leases were capitalized. Lease costs applicable to producing properties were capitalized and amortized over the productive lives of each property on the unit-of-production method, based on the estimated recoverable oil and gas reserves of each property. During the fiscal year ended May 31, 1969, the Company retroactively changed its method of accounting for costs applicable to oil and gas properties. All direct costs incurred in the acquisition, exploration and development of oil and gas reserves (including intangible development costs, dry hole costs, costs of undeveloped properties, abandonments and lease rentals) are now capitalized and amortized on a company-wide unit-of-production method based on total estimated recoverable oil and gas reserves. The net effect of this change was to reduce the net loss for the six months ended November 30, 1968, by $29,587 as compared with the amount previously reported.

CLARK CANADIAN EXPLORATION COMPANY

NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Clark Canadian Exploration Company will be held in the Penthouse, 19th Floor, Canada Trust Company Building, 110 Yonge Street, Toronto, Ontario, on Tuesday, the 19th day of August, A.D. 1969, at 10:00 a.m. (Eastern Daylight Saving Time) for the following purposes:

1. Receiving and approving the Annual Report and Financial Statements and the Report of Auditors thereon for the twelve months ended May 31, 1969; and
2. Electing Directors; and
3. Appointing Auditors; and
4. Transacting such other business as may properly come before the meeting or any adjournment thereof.

NOTICE IS HEREBY FURTHER GIVEN that July 2, 1969, has been established as a record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting.

A copy of the Annual Report and Financial Statements for the twelve months ended May 31, 1969, to be submitted to the meeting is enclosed.

If you are unable to attend the meeting, please date and sign the accompanying proxy and return it in the enclosed envelope at your earliest convenience.

DATED: July 17, 1969.

By Order of The Board of Directors

J. N. SHERRILL JR., Secretary

CLARK CANADIAN EXPLORATION COMPANY

INFORMATION CIRCULAR

Solicitation Of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Clark Canadian Exploration Company (hereinafter referred to as the "COMPANY") for use at the Annual Meeting of the Shareholders of the Company (hereinafter referred to as the "MEETING") to be held on Tuesday, the 19th day of August, 1969, at 10:00 a.m. in the Penthouse, 19th Floor, Canada Trust Company Building, 110 Yonge Street, Toronto, Ontario, for the purposes set forth in the Notice of Meeting. The solicitation will be made solely by mail. The cost of solicitation will be borne by the Company. Information contained herein is given as of July 1, 1969.

Appointment And Revocation Of Proxies

The persons named in the enclosed proxy are Directors of the Company. A shareholder has the right to appoint some other person who need not be a shareholder to attend and act for him and on his behalf at the Meeting. Such right may be exercised by filling in the name of such person in the blank space provided in such proxy, striking out the printed names and initialing such deletions.

A shareholder may revoke a proxy by signing another proxy bearing a later date, by delivering a written revocation to the Company prior to the Meeting, by attending the Meeting in person or in any other manner permitted by law.

Voting Shares And Principal Holders

There are presently issued and outstanding 1,914,285 common shares of the Company without nominal or par value. Each shareholder is entitled to one vote for each share held by him at all meetings of shareholders of the Company.

July 2, 1969, has been established by the Board of Directors of the Company as a record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting.

Mr. E. B. Clark, Sr., Chairman of the Board of Directors of the Company, benefically owns, directly or indirectly, 367,641 common shares which represent approximately 19.21% of the outstanding common shares of the Company. Mr. E. B. Clark, Jr., President, Treasurer and Director of the Company, beneficially owns, directly or indirectly, 356,346 common shares which represent approximately 18.62% of the outstanding common shares of the Company. All of such shares together with 390,298 other common shares of the Company are subject to the terms of the Clark Canadian Voting Trust effective January 30, 1967. Pursuant to such Agreement, Messrs. E. B. Clark, Sr., E. B. Clark, Jr. and J. N. Sherrill Jr., all of whom form part of the management of the Company, were appointed Trustees to vote all of such shares as the majority of such Trustees may determine. At the meeting the Trustees will vote such shares in favour of all matters listed in the enclosed proxy.

Election Of Directors

The following persons are proposed to be nominated for election as Directors and are the persons for whom it is intended that votes will be cast for election as Directors pursuant to the proxy which is hereby solicited: E. B. Clark, Sr., E. B. Clark, Jr., J. N. Sherrill Jr., Patrick S. Beaird and James C. Saks.

The term of office for each Director is from the date of the Meeting until the next annual meeting of the shareholders of the Company or until his successor is elected and has qualified to hold office.

Information Concerning Nominees As Directors

Name	Principal Occupation	Year First Became Director	Common Shares Owned Directly Or Indirectly
E. B. Clark, Sr.	Sole Proprietor of E. B. Clark Drilling Company	1966	367,641
E. B. Clark, Jr.	President and Treasurer of the Company	1966	356,346
J. N. Sherrill Jr.	Attorney; Sherrill, Pace & Rogers	1967	13,834
Patrick S. Beaird	Vice-President of the Company	1969	144,605
James C. Saks	Registered Representative; Moss, Lawson & Co. Limited	1969	—

The principal occupations of each of the above persons during the past five (5) years are as follows:

Mr. E. B. Clark, Sr. has served as Chairman of the Board of Directors since the inception of the Company in 1966. Mr. Clark has been a partner (and since 1966 the sole proprietor) of E. B. Clark Drilling Company, Wichita Falls, Texas, U.S.A., an independent oil and gas producing company.

Mr. E. B. Clark, Jr. has served as President, Treasurer and Director of the Company since its inception. For over three (3) years prior thereto, Mr. Clark was a partner in the E. B. Clark Drilling Company.

Mr. Sherrill has served as Secretary and a Director of the Company since 1967; he has been a partner in the firm of Sherrill, Pace & Rogers, Attorneys, Wichita Falls, Texas, U.S.A. (or its predecessor firms) for the past five (5) years.

Mr. Beaird has been employed as Land Manager of the Company since its inception, and he was elected Vice-President of the Company in February, 1967 and a Director of the Company in January, 1969. Mr. Beaird was an independent consulting geologist and petroleum producer prior to his association with the Company.

Mr. Saks was elected a Director of the Company in January, 1969. From 1961 to 1964 Mr. Saks was President of Inter-Provincial Utilities, Ltd. and Polaris Pipe Lines. Since 1964 Mr. Saks has been a registered representative of Moss, Lawson & Co., Limited at its Calgary, Alberta office. He was elected a Director of such Company on November 15, 1967.

Remuneration Of Management And Senior Officers

The aggregate remuneration paid by the Company to the senior officers of the Company during the fiscal year ending May 31, 1969, was $61,500 (U.S.); no remuneration was paid to the Directors of the Company, as such, during this period.

In April of 1968 the Company instituted a Profit-Sharing Plan for all of its officers and eligible employees. Contributions are made to such plan by the Company on a voluntary basis and in the annual discretion of the Company's Board of Directors. The maximum contribution which may be made by the Company from its profits in any one fiscal year is limited to 15% of the aggregate remuneration paid by the Company during such year to the participants in the Plan. The United States Internal Revenue Service determined on April 4, 1969, that such plan qualified for exempt status pursuant to the provisions of Section 501 (a) of the Internal Revenue Code of the United States of America.

The Company did not make any contributions to such plan during the fiscal year ending May 31, 1969, and is unable to estimate the amount of its future contributions, if any, to such plan; however, the Company contemplates that the size of any such contributions in any fiscal year will be a function of the Company's earnings and growth during such period.

Options

By Resolution of the Company's Board of Directors dated January 3, 1969, the Company authorized the granting of options totalling 68,500 shares at $2.00 per share to the Directors and senior officers of the Company. All of such options are for a term of five years from the date of the authorizing resolution and may be exercised at any time during such term. All or any part of the shares purchased by any of such Directors or senior officers of the Company pursuant to such options shall immediately become subject to the Voting Trust Agreement discussed under the heading "Voting Shares and Principal Holders" in this Information Circular. None of such options have been exercised as of the date hereof. There was no public market for the Company's shares on the date of the grant of such options; however, by an Underwriting Agreement dated January 3, 1969, as amended February 7, 1969, the Company agreed to sell 700,000 of its shares at $2.00 per share to Moss, Lawson & Co., Limited, Toronto, Canada and agreed to grant such company an option on an additional 100,000 shares for one year at 80% of the market bid price on the date of the exercise of such option, but not less than $2.00 per share. Such option was subsequently fully exercised.

Interest Of Management And Others In Material Transactions

Effective September 1, 1968, the Company purchased all of Mr. E. B. Clark, Sr.'s individual interest in two (2) producing oil wells, one (1) water injection well and undeveloped oil and gas leases in the Pleasant Plains area of Saskatchewan in exchange for the issuance of 155 shares of the Company. Mr. Clark's individual interest in such wells and leases at such date was valued by the Company at $11,734. Mr. Clark acquired his interest in the Pleasant Plains area in January of 1967, at a cost of $5,375 which included his share of the cost of drilling the initial test well in such area to casing point. Subsequently, Mr. Clark paid $639 in additional leasehold costs. Mr. Clark was at the time of such purchase and now serves as Chairman of the Company's Board of Directors.

Also effective September 1, 1968, the Company acquired all of Amherst Canadian Oil Company's ("AMHERST") interest in two (2) producing oil wells in the Wapella, Saskatchewan field and the undeveloped oil and gas leases therewith and Amherst's interest in the undeveloped oil and gas leases in the Carlyle, Saskatchewan area; all of such property was valued by the Company at $13,066. The purchase was accomplished by virtue of a merger with Amherst. Pursuant to the plan of merger, the shareholders of Amherst received a total of 137 shares of the Company. Amherst acquired its interest in the Wapella area in November of 1966 at a cost of $15,635, which included its share of drilling the five (5) test wells in this area to casing point. Amherst subsequently paid $679 in additional leasehold costs. Amherst acquired its interest in the Carlyle area in May of 1967 at a cost of $14,750 which included its cost of drilling the three (3) test wells in this area to casing point. Mr. J. N. Sherrill Jr., Secretary, General Counsel and Director of the Company, was President, a Director and shareholder of Amherst.

Moss, Lawson & Co., Limited, as the Company's Underwriter received a discount of $.20 on each of the Company's 700,000 shares sold to the public in February, 1969, in addition to the above described option. Mr. James C. Saks, a Director of the Company, was a registered representative and Director of Moss, Lawson & Co., Limited at such time.

Appointment of Auditors

Arthur Andersen & Co. have served as the Company's auditors since 1967. It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the re-appointment of Arthur Andersen & Co. as auditors of the Company to hold office until the next annual meeting of shareholders unless contrary instructions are given in such proxy.

DATED: July 1, 1969.

By Order of the Board of Directors

J. N. SHERRILL JR., Secretary

Printed in Canada

PROSPECTUS DATED FEBRUARY 7, 1969

No Securities commission or similar authority in Canada has in any way passed upon the merits of the shares offered hereunder and any representation to the contrary is an offence. This prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or the territories or possessions thereof.

NEW ISSUE

Clark Canadian Exploration Company

(Incorporated under the laws of the State of Texas, one of the United States of America)

700,000 SHARES
(Without nominal or par value)

THESE SHARES ARE SPECULATIVE SECURITIES. REFERENCE IS MADE TO THE NATURE OF THE OPERATIONS OF THE COMPANY COMMENCING ON PAGE 4 OF THIS PROSPECTUS.

PRICE: $2.20 PER SHARE

There is no market for these securities, and the offering price is a negotiated price.

	Price to Public	Underwriting Discount (1)	Proceeds to Company (2)
Per Share	$ 2.20	$ .20	$ 2.00
Total	$1,540,000	$140,000	$1,400,000

(1) An option for the purchase of up to 100,000 additional shares has been granted to Moss, Lawson & Co., Limited (the "Underwriter") as referred to under the heading "Plan of Distribution" in this prospectus. The said additional shares may be purchased at $2.00 per share for sale to the public at a price not to exceed $2.50 per share, or if the market bid price exceeds $2.50 per share at the time of the exercise of the option, the said shares may be purchased by the Underwriter from the Company at the market bid price less 20% for sale to the public at market price.

(2) Before deduction of estimated expenses of $25,000.

We, as principals, offer these shares, subject to prior sale, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. MacKimmie, Matthews, Wood, Phillips & Smith of Calgary, Alberta, and Messrs. Eggers, Sherrill, Pace & Rogers of Wichita Falls, Texas, U.S.A., and on our behalf by Messrs. Stapells, Sewell, Stapells, Patterson & Rodgers of Toronto, Ontario, who may rely upon the opinion of Counsel for the Company in respect to all matters of Alberta and United States of America law.

An application has been made to list these shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within ninety days.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books without notice. It is expected that definitive share certificates will be available on or about February 20, 1969.

MOSS, LAWSON & CO., LIMITED
48 Yonge Street, Toronto 309 - 5th Avenue S.W., Calgary

TABLE OF CONTENTS

THE COMPANY

Clark Canadian Exploration Co. (the "Company") was incorporated on June 23, 1966, by Articles of Incorporation under the laws of the State of Texas, with an authorized capital of 20,000 shares with a par value of $1.00 (U.S.) per share.

On December 30, 1968, Clark Canadian Exploration Co.'s Articles of Incorporation were restated to increase its authorized capital to a total of five million (5,000,000) common shares without nominal or par value, to change the name of such corporation to "Clark Canadian Exploration Company", to change its registered office and agent and to convert the 15,292 issued and outstanding shares of the Company into 1,114,285 shares.

The Company maintains its executive offices at 824 Patterson Building in Denver, Colorado 80202, and branch offices at 2612 Charter Towers in Calgary, Alberta, and 503 City National Building in Wichita Falls, Texas 76301.

OPERATIONS OF THE COMPANY

The Company is engaged primarily in the exploration, development and/or production of petroleum and natural gas in Canada, Alaska and the Rocky Mountain area of the Western United States.

The method of operation employed by the Company since its inception has been first to locate promising geological prospects and then to acquire leases, farm-ins, and option agreements covering these prospects through negotiations by the Company's management. Usually several prospects in the same geological area are aggregated into one integrated exploratory drilling program. Undivided interests (usually totaling 75%) in such program are then sold to other oil companies for an amount exceeding the Company's total costs in such program. The terms of the Sale Agreements provide that the other oil companies will pay the entire cost of drilling the test wells to casing point. When petroleum substances in paying quantities are found, the Company pays its proportionate share of the cost of completing such test wells for the taking of petroleum substances.

The Company also obtains seismic options in Canada from major oil companies. The Company then arranges with other companies to have its seismic work commitments assumed by such purchasing companies in exchange for the majority of the interest to be earned by the Company under the seismic option. The Company generally is reimbursed for its initial costs of the program, and if the results of the seismic work so warrant, a test well is drilled at the sole cost of the purchasing company.

The Company intends to continue its above described operations. Also, it is anticipated that the Company with others will invest a portion of its available funds in exploratory and development drilling on its acreage in Montana and Wyoming where recent discoveries have been made in the geological formation known as the Muddy Sandstone. During the past eighteen (18) months there has been a substantial amount of exploratory drilling activity by the Company and other oil companies in these areas.

OIL PROPERTIES

Developed Acreage

The Company has working interests in producing oil wells in the Wapella and Pleasant Plains fields in southeastern Saskatchewan and in the Whitetail and Olmstead areas of Campbell County, Wyoming. These are summarized below:

Producing Oil Wells	Type of Ownership	Gross or Total Wells (1)	Company Interest Expressed as Net Wells (2)
Saskatchewan	Working Interest	4	1.16 (3)
Wyoming	Working Interest	3	.625 (4)

(1) "Gross or Total Wells" represent all wells in which the Company has a working interest.

(2) "Net Wells" represent the aggregate of the working interests of the Company in the Gross or Total Wells.

(3) The Company's interest (.67) in the Wapella field is subject to reduction by 50% at such time as the Company has recovered the equivalent of all of the drilling, completion and operating costs it has incurred with respect to the area of production; such reduction in the Company's interest will vest in Canadian Fina Oil Company, Limited, the farmor of this acreage. It is not anticipated that this contingency will occur in the near future.

(4) After the farmee of the Olmstead acreage has recovered all of its drilling, completion and operating costs with respect to the discovery well, the Company will own a .125 interest in such well. The Company will share this percentage of the costs of any future drilling in this area.

The Company believes that it will participate with others in drilling at least three (3) additional wells on its Whitetail acreage and as many as four (4) additional wells on its Olmstead acreage in the calendar year 1969.

Exploration Acreage

The Company holds working and overriding royalty interests in oil and gas leases, drilling reservations and/or permits in Alberta, Saskatchewan, Hudson Bay, Alaska, the Northwest Territories, the Arctic Islands. Montana and Wyoming. Reference is made to the maps on pages 10 through 15 of this prospectus which show the location of both the developed acreage and exploration acreage.

The lands comprising such oil and gas leases, drilling reservations and/or permits are located in the following areas:

Geographical Area	Nature of Ownership	Gross Acres (1)	Company Interest Expressed As Net Acres (2)
ALBERTA			
Adair Creek	Reservation (3)	2,560	128
Hay Lake	Reservation (3)	5,120	256
Northwest Zama Lake	Leasehold	320	20
Bassett Lake	Leasehold	3,840	96
Youngstown	Leasehold	35,040	1,832
SASKATCHEWAN			
Northwest Dollard	Leasehold	16,009	1,576
Carlyle	Leasehold	1,240	440
West Workman	Leasehold	4,469	1,181
Pleasant Plains	Leasehold	2,240	641
Wapella	Leasehold	3,892	1,373
HUDSON BAY	Permits	1,604,870	534,957
ALASKA			
Chukchi Basin	Lease Applications (4)	37,940	12,350
Porcupine River	Lease Applications	58,880	23,552

Geographical Area	Name of Ownership	Gross Acres (1)	Company Interest Expressed As Net Acres (1)
Norton Sound	Lease Applications	112,640	45,056
Bethel Basin	Lease Applications	28,160	3,432
Bristol Bay	Lease Applications	9,600	1,170
NORTHWEST TERRITORIES			
Beaufort Sea	Permits	285,821	71,455
ARCTIC ISLANDS	Permits	3,500,947	875,237
MONTANA			
Brorson	Leasehold	982	982
Northwest Sonnette	Leasehold	9,710	3,483
Southeast Sonnette	Leasehold	960	90
Northwest Recluse	Leasehold	53,429	7,529
North Remington Creek	Leasehold	4,529	679
Crow-Beenteen	Leasehold	7,714	1,583
Pocket Creek	Leasehold	28,881	28,621
West Lodge Grass	Leasehold	2,220	1,676
WYOMING			
North Kitty	Leasehold	4,219	765
North Sandbar	Leasehold	2,697	382
Duck Creek	Leasehold	9,652	2,230
Little Powder River	Leasehold	1,028	257
South Recluse	Leasehold	161	18
Wildcat Creek	Overriding Royalty Interest	2,640	Not applicable
Northwest Denver Basin	Leasehold	25,520	3,190
Northwest Denver Basin	Overriding Royalty Interest	70,477	Not applicable
TOTAL		5,938,407	1,626,237

(1) "Gross Acres" represent all the acres in which the Company has an interest.

(2) "Net Acres" represent the aggregate of the interest of the Company in the Gross Acres.

(3) The Net Acres figures are those which the Company will hold after conversion of the reservations to leases.

(4) Lease Applications represent "offers to lease" which have been filed with and confirmed by the Bureau of Land Management of the Department of the Interior, Fairbanks, Alaska. Leases have not yet been issued by the said Department. Reference is made to the heading "Status of Alaskan Lease Applications" immediately following this section.

In November of 1968 the Company entered into an Agreement with Hudson's Bay Oil and Gas Company, Limited ("Hudson's Bay") pertaining to the Hay Lake and Adair Creek Prospects in Alberta. Pursuant to such Agreement and at its sole expense, Hudson's Bay will perform all of the Company's obligations pursuant to the Seismic Option Agreements pertaining to such prospects, (including the performance of a total of one hundred (100) miles of seismic work on both prospects) and will reimburse the Company for one-half of its direct costs incurred to date in connection with such prospects up to a maximum of $12,500. Hudson's Bay is also obligated to drill a test well on the Hay Lake prospect at its sole expense. The Company will retain an undivided five percent (5%) interest in both such prospects.

It is anticipated that during 1969 the Company will sell an undivided forty percent (40%) of its interest in the Youngstown prospect to another oil company and apply the proceeds thereof toward the performance of the required forty (40) miles of seismic work on such prospect.

The Company contemplates participating with others in drilling at least one exploratory well on both its North Remington Creek and South Recluse acreage during the calendar year 1969. The Company's South Recluse acreage is within one (1) mile of the recent Phillips Petroleum Company-Anschutz Corp., Inc. Muddy discoveries in this area.

Definite plans cannot be made at this time on other drilling to be undertaken by the Company on its Montana-Wyoming acreage during the calendar year 1969; however, the Company anticipates that the Montana-Wyoming area will be the center of a continued high level of activity, and it reasonably expects to participate with others in drilling between ten (10) and twenty (20) wells on its acreage during such period.

Status of Alaskan Lease Applications

On January 24, 1966, the Arctic Slope Native Association, representing certain natives of Alaska, filed with the Secretary of the Interior, Bureau of Land Management, a Native Assertion of Rights Petition claiming that all of the lease applications with respect to certain lands in Alaska are in conflict with the native rights or claims to the lands. Such native claims include the petroleum and natural gas rights which are the subject matter of such lease applications, and as such, affect all of the Company's acreage in Alaska. The Secretary of the Interior has suspended action on the applications pending final disposition of the native claims by Congress.

During this period when action has been suspended on the lease applications and until leases are issued, the State of Alaska, pursuant to the Alaska Statehood Act, could become the owner in fee simple of part or all of the lands which are the subject matter of the lease applications. In such event the priority of the lease applications would continue and be recognized by the State of Alaska except with respect to any lands which are, within ninety days after the selection of lands by the State of Alaska and approval thereof by the Secretary of the Interior, classified by the State to be competitive lands. Competitive lands are acknowledged to be those lands which are in the general area of a discovery of oil or gas in commercial quantities and which the Commissioner of Natural Resources of the State of Alaska reasonably believes to be capable of production of oil or gas. Any lands selected by the State of Alaska pursuant to the Alaska Statehood Act which are subject to lease must be taken by the State subject to the lease.

On December 11, 1968, the Secretary of the Interior approved an application by the Commissioner of Indian Affairs to withdraw all unreserved public lands in the State of Alaska from selection, settlement, location, sale and entry pursuant to the United States public land laws (including the Alaska Statehood Act) until December 31, 1970. This action by the Secretary of the Interior (unless rescinded by his successor after January 20, 1969) will preclude the issuance of any oil and gas leases to the Company during the period of such withdrawal and may be the basis of the future rejection of all pending lease applications.

The Company will not participate in the drilling of any wells on its Alaskan acreage unless it has received leases or an interest therein in accordance with the lease applications.

Wells Drilled

The Company has drilled or has participated in the drilling of wells in Saskatchewan, Alberta, Wyoming and Montana during the years 1966, 1967 and 1968. The number of such wells drilled and participated in during these periods is as follows:

Period	Producing Oil Wells	Dry Holes
June 23, 1966 to May 31, 1967	3	6
June 1, 1967 to May 31, 1968	2	24
June 1, 1968 to November 30, 1968	2	6

The amounts expended by the Company on drilling and exploration activity (including seismic work) on its properties are as follows:

June 23, 1966 to May 31, 1967	$ 340,342
June 1, 1967 to May 31, 1968	406,593
June 1, 1968 to November 30, 1968	30,854
TOTAL	$ 777,789

The amounts expended by the Company in acquiring its properties are as follows:

June 23, 1966 to May 31, 1967	$ 37,119
June 1, 1967 to May 31, 1968	327,703
June 1, 1968 to November 30, 1968	271,156
TOTAL	$ 635,978

Oil Reserves

The Company owns interests in oil reserves in Saskatchewan and Wyoming. The Wapella, Saskatchewan production is from the Lower Shaunavon formation of Jurassic Age, and the Pleasant Plains, Saskatchewan production is from the Frobisher Beds of Mississippian Age. Neither of such fields is unitized.

All of the Wyoming production is from the Muddy Sandstone of Cretaceous Age.

J. C. Sproule and Associates Ltd., Calgary, Alberta prepared a report dated January 3, 1969, pertaining to the Company's properties as of November 30, 1968, and a supplemental report dated January 31, 1969 pertaining to additional properties owned by the Company as of such date. These reports (the "Sproule Reports", copies of which are on file in the offices of the Ontario, Alberta and Newfoundland Securities Commissions) estimated the oil reserves of the Company to be as follows:

RECOVERABLE OIL RESERVES

Field	Estimated Company Net Share of Remaining Reserves
Wapella, Saskatchewan	
Proven	15,400 barrels
Pleasant Plains, Saskatchewan	
Proven	18,900 barrels
Whitetail, Wyoming	
Proven	64,100 barrels
Probable Additional	64,700 barrels
Olmstead, Wyoming	
Proven	17,300 barrels
Probable Additional	37,000 barrels
Total Proven and Probable	217,400 barrels

The estimated Company net share of future net revenue (discounted to present worth values at a 6% annual rate) from the proven reserves in the Wapella and Pleasant Plains fields in Saskatchewan is $50,800 and the proven and probable reserves in the Whitetail and Olmstead fields in Wyoming is $218,840.

Net Income from Oil Production

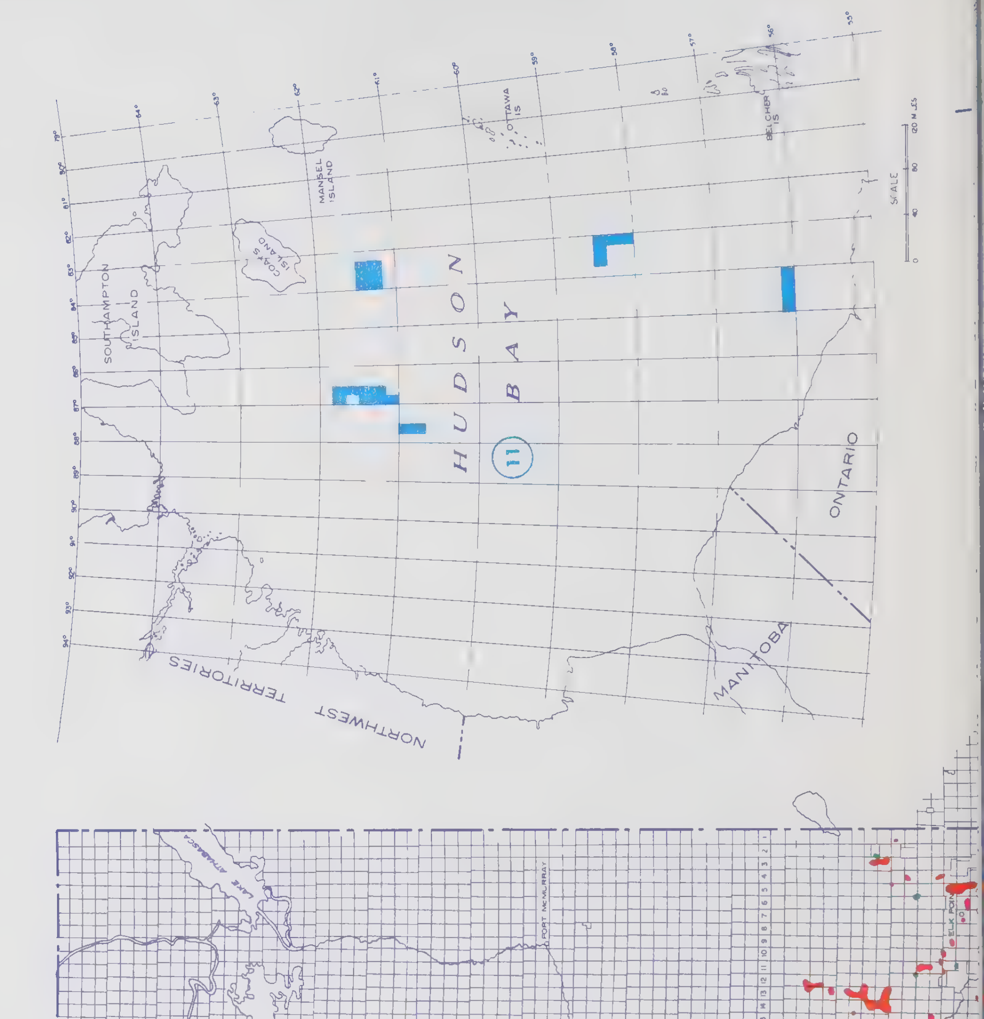
The Company received its first production income from its properties in the Wapella field in the Spring of 1967, and since that time has received the following income after all royalty and operating costs have been deducted:

Period	Net Income After Royalty and Operating Costs
June 23, 1966 to May 31, 1967	$ 3,879
June 1, 1967 to May 31, 1968	$13,514
June 1, 1968 to November 30, 1968	$ 7,877
TOTAL	$25,270

Evaluation of Exploration Acreage

The Sproule Reports also evaluated the exploration acreage of the Company listed on the schedule thereof commencing on page 5 of this prospectus. Structure and other geological features provide the principal criteria for evaluation of the exploration acreage. Numerous other factors were also considered in such evaluation and are more particularly described in the Sproule Reports.

The total value placed by the Sproule Reports on all of the Company's exploration acreage was $1,531,210 with the sum of $681,000 being attributable to the Company's Canadian, Hudson Bay and Arctic Islands acreage and the sum of $850,210 being attributable to its United States of America acreage. The Company's Montana acreage received the highest total amount of valuation with $541,974, followed by its Hudson Bay acreage with $267,500 and its Arctic Islands acreage with $199,200. The highest average per acre evaluation was given to the Company's Alberta acreage with $60 per acre, followed by its Wyoming acreage with $23 per acre and its Montana acreage with $12 per acre.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COATS ISLAND
MANSEL ISLAND
OTTAWA IS
BELCHER IS
HUDSON BAY
11
ONTARIO
MANITOBA
NORTHWEST TERRITORIES
SCALE
LAKE ATHABASCA
FORT McMURRAY
ALBERTA
PEACE RIVER
HIGH LEVEL
MEANDER RIVER
STEEN RIVER
GRANDE PRAIRIE
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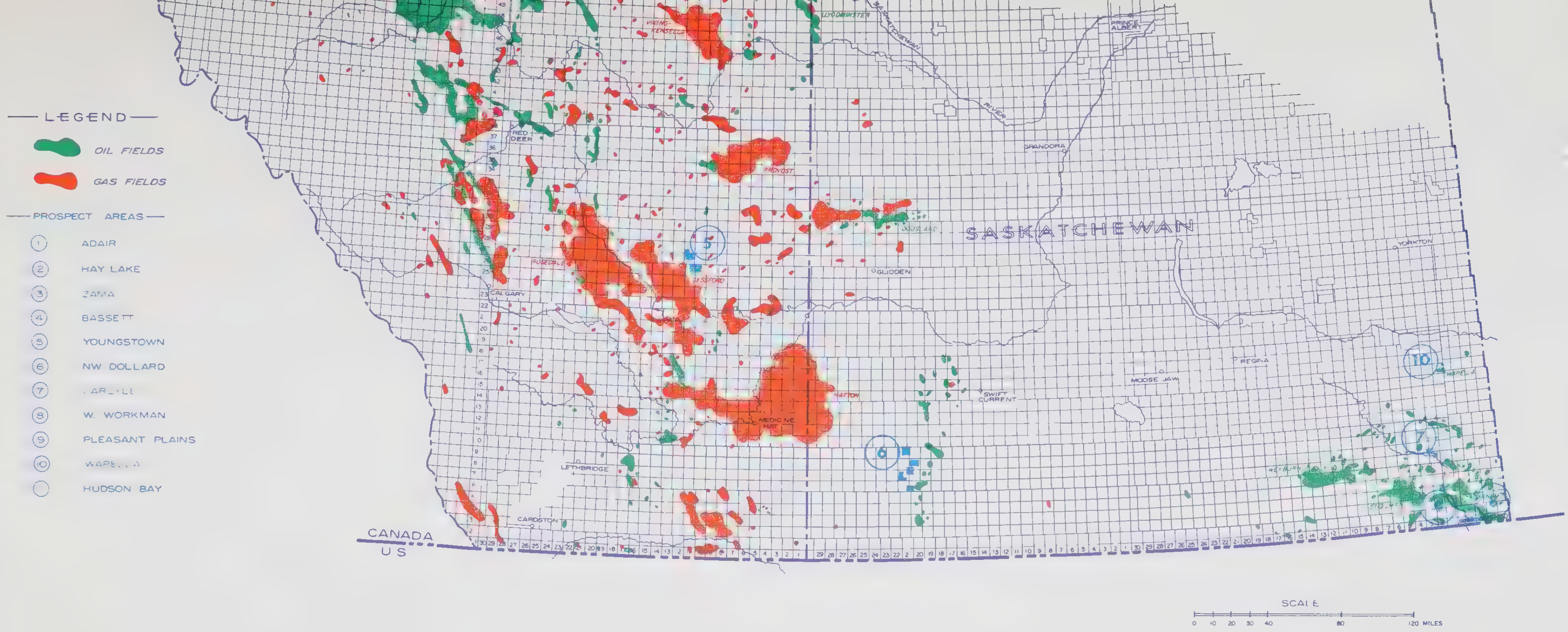


Acreage Interests in Western Canada – Hudson Bay

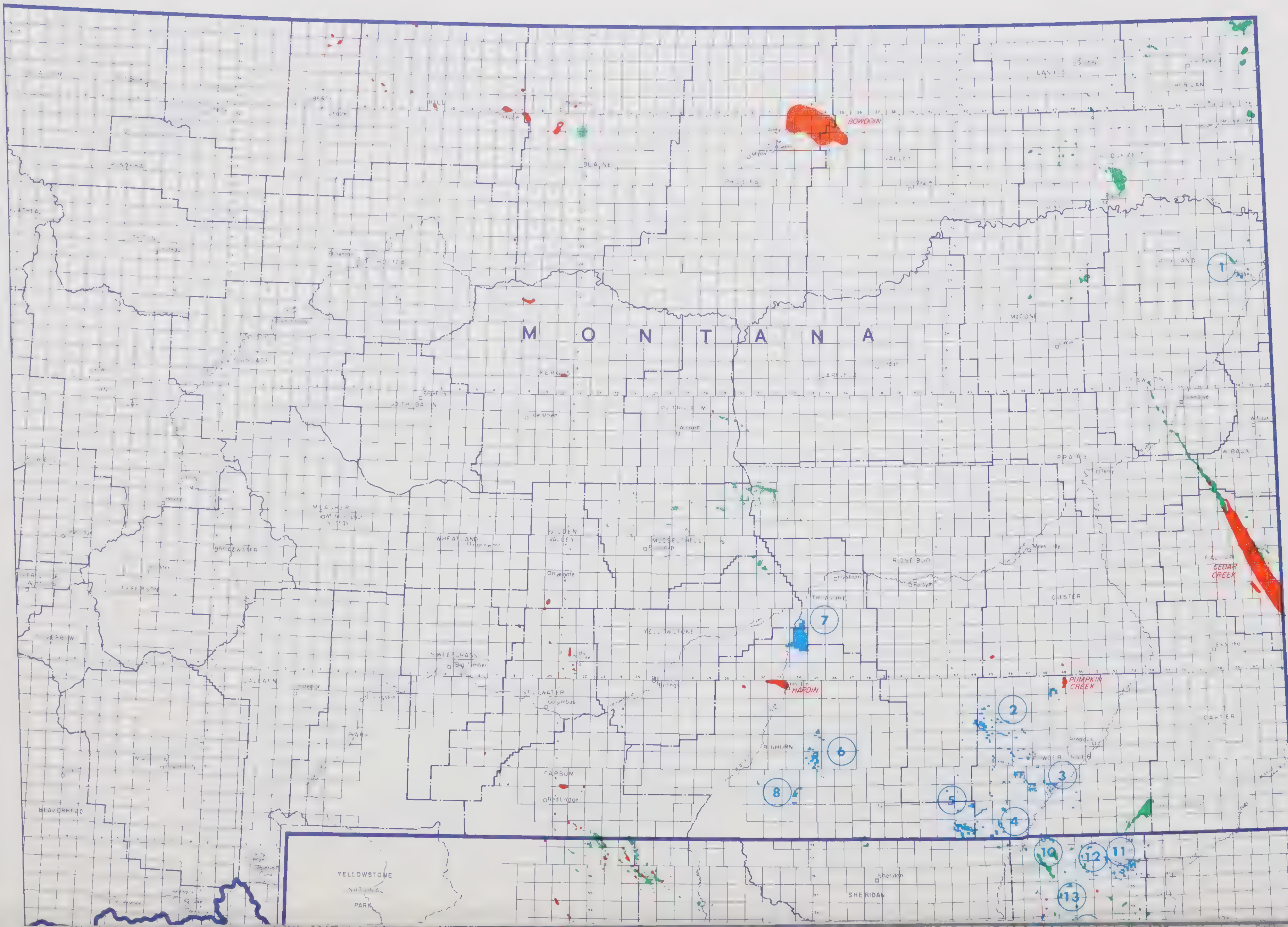
CLARK CANADIAN EXPLORATION COMPANY


ARCTIC OCEAN
BEAUFORT SEA
CANADA
ALASKA
U.S.S.R.
U.S.
BERING SEA
BRISTOL BAY
GULF OF ALASKA
PACIFIC OCEAN
Acreage Interests in
ALASKA – BEAUFORT SEA
CLARK CANADIAN EXPLORATION COMPANY
—LEGEND—
1 CHUKCHI BASIN
2 PORCUPINE RIVER
3 NORTON SOUND
4 BETHEL BASIN
5 BRISTOL BAY
6 BEAUFORT SEA
GAS FIELDS

Acreage Interests in

ARCTIC ISLANDS

CLARK CANADIAN EXPLORATION COMPANY


MONTANA
BOWDOIN
CEDAR CREEK
PUMPKIN CREEK
HARDIN
SHERIDAN
YELLOWSTONE NATIONAL PARK
1
2
3
4
5
6
7
8
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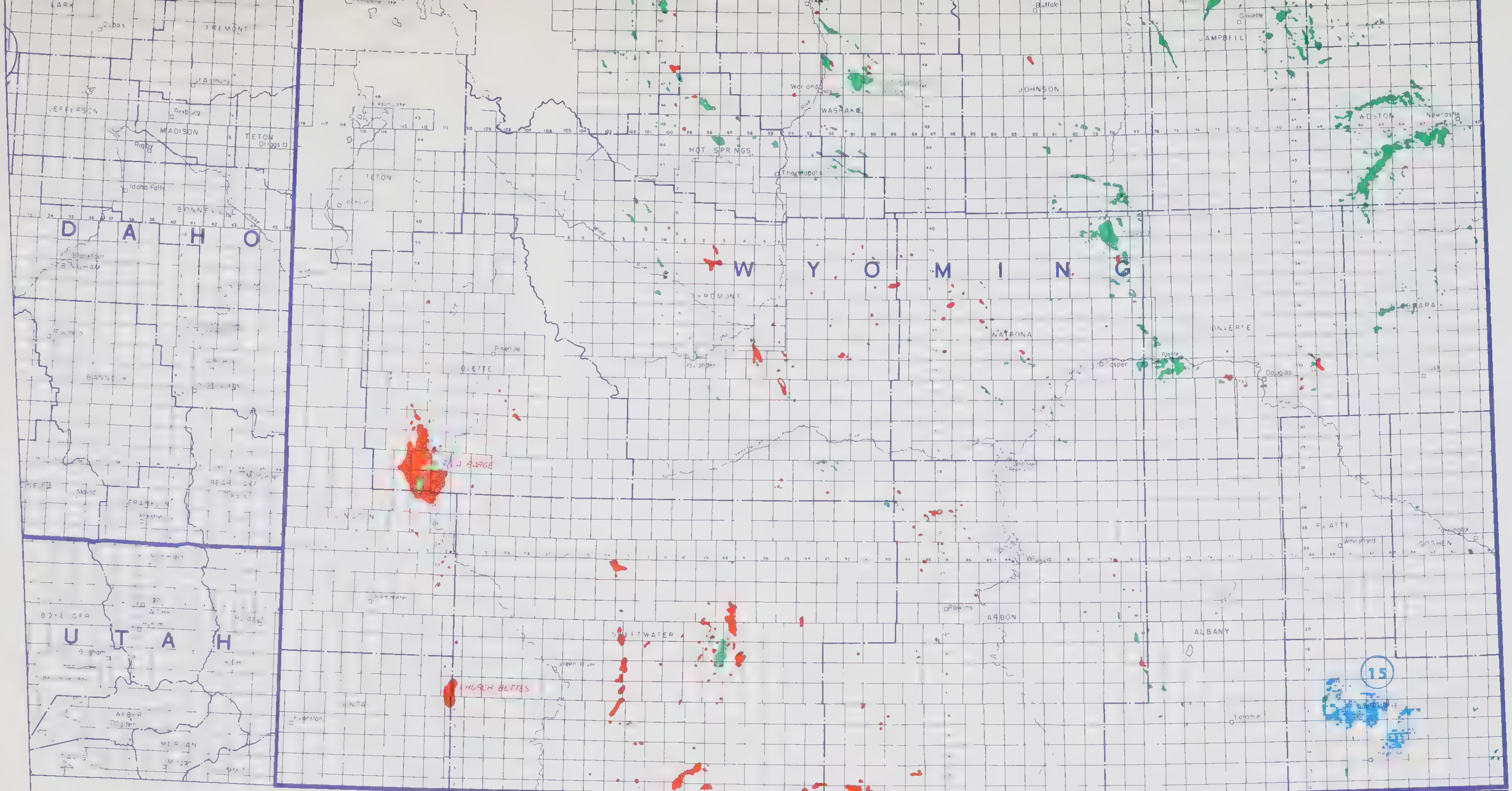
12
13



— PROSPECT INDEX —

1. [illegible]
2. N.W. SONNETTE
3. S.E SONNETTE
4. N.W. RECLUSE
5. N REMINGTON CREEK
6. BENTEEN - CROW
7. POCKET CREEK
8. WEST LODGE GRASS
9. [illegible]
10. N. SANDBAR
11. DUCK CREEK
12. LITTLE POWDER RIVER
13. [illegible]
14. [illegible]
15. N. W. DENVER BASIN

SCALE

0 16 32 48 64 80 mi

— LEGEND —

OIL FIELDS

GAS FIELDS

Acreage Interests in

THE ROCKY MOUNTAIN REGION

CLARK CANADIAN EXPLORATION COMPANY

MANAGEMENT

The management of the Company is headed by Mr. E. B. Clark, Jr., President, who founded the Company in 1966, and who may be considered to have been and to be the promoter of the Company. Mr. Clark was a partner in a Texas-based independent oil and gas producing company for many years prior to the formation of the Company, and as such, was familiar with all phases of an independent oil company operation. Mr. Patrick S. Beaird, Vice-President, heads the Land Department of the Company. Mr. Beaird earned a Bachelor of Science degree in geology from the University of Texas and has more than 15 years experience in the Rocky Mountain and Canadian petroleum industries, both as a geologist for an independent oil company and as an independent operator. Mr. Frank I. Pritchett, Jr., Exploration Manager and Assistant Secretary, obtained B.S. and M.S. degrees in geology from the University of Oregon and has extensive experience in exploration geology during the past 15 years. Mr. J. N. Sherrill Jr., Secretary and General Counsel, obtained a S.B. degree in Marine Transportation from the Massachusetts Institute of Technology and a L.L.B. degree from Harvard Law School.

CAPITALIZATION

	Authorized	Outstanding As of May 31, 1968	Outstanding As of November 30, 1968	To Be Outstanding on Completion of Financing
LOAN OBLIGATIONS				
1. Mrs. E. B. Clark, Sr. (1)	————	$186,645	$142,824	Nil
2. Canadian Imperial (2) Bank of Commerce Calgary, Alberta	————	35,850	29,412	29,412
SHARES (3)	5,000,000 shs.	15,000 shs. ($ 16,230)	15,292 shs. ($ 16,546)	1,814,285 shs. (4) ($1,414,785)

(1) Loan originally obtained for purchasing a substantial amount of the Company's acreage in the Northwest Recluse Area, Montana; such loan was renewed on October 24, 1968, by a promissory note in the principal amount of $132,000 (U.S.) bearing interest at the rate of eight percent (8%) per annum and payable on or before ninety (90) days from such date. See Note 4 under the heading "Notes to Financial Statements" in this prospectus.

(2) Production loan represented by a promissory note dated September 14, 1967, in the original principal amount of $39,750 bearing interest at the rate of six and one-half percent (6½%) per annum and secured by an assignment pursuant to Section 82 of the Bank Act of all the Company's original working interest in the Wapella and Pleasant Plains Wells, Saskatchewan. See Note 4 under the heading "Notes to Financial Statements" in this prospectus.

(3) After giving effect to the restatement of the Company's Articles of Incorporation dated December 30, 1968. See Note 6 under the heading "Notes to Financial Statements" in this prospectus.

(4) An additional 100,000 shares are reserved against the exercise of an option in favor of the Underwriter at the minimum price of $2.00 per share referred to under the heading "Plan of Distribution" in this prospectus. Another 75,000 shares are reserved against the exercise of options in favor of certain officers, directors and employees of the Company at the price of $2.00 per share referred to under the heading "Options" in this prospectus. See Note 5 under the heading "Notes to Financial Statements" in this prospectus.

DESCRIPTION OF SHARES

The authorized capital of the Company consists of five million common shares; 700,000 shares have been firmly underwritten and are being offered for sale by this prospectus. An additional 100,000 shares are optioned to the Underwriter, and so many of such shares as are purchased by the Underwriter will be offered for sale by this prospectus. The shares have no par or nominal value, have no pre-emptive rights, and the holders thereof are entitled to one vote at all meetings of the shareholders of the Company. The shares are entitled to such dividends as the Board of Directors of the Company may from time to time declare, and none of such shares has any preference on liquidation or distribution. All outstanding shares and shares offered hereby are and will be fully paid and non-assessable. The rights attaching to such shares can be altered only by amendment of the Company's Articles of Incorporation by the holders of at least two-thirds of the then outstanding shares of the Company or by amendment of the Texas Business Corporation Act by the Legislature of the State of Texas under which Act the Company was organized and now operates.

DIVIDENDS

No dividends have been paid on any of the shares of the Company since its inception, and it is not expected that the Company will pay any dividends in the near future.

PLAN OF DISTRIBUTION

By an Underwriting Agreement dated January 3, 1969, as amended on February 7, 1969, between the Company and Moss, Lawson & Co., Limited, the Company has agreed to sell the 700,000 shares offered by this prospectus at $2.00 a share, and subject to the terms and conditions of the Underwriting Agreement, the Underwriter has agreed on its own behalf to purchase all of such shares against delivery of certificates representing the same on or about February 20, 1969. The Underwriter has further agreed to offer such shares to the public at $2.20 per share.

The Company has also granted the Underwriter an option to purchase an additional 100,000 shares within one year from the date of the acceptance for filing by the Ontario Securities Commission of this prospectus. Such shares may be purchased by the Underwriter at $2.00 per share for sale to the public at $2.50 per share, or if the market bid price exceeds $2.50 per share at the time of the exercise of the option, the said shares may be purchased by the Underwriter at the market bid price less 20% for sale to the public at market price.

USE OF PROCEEDS

The net proceeds from the sale of the 700,000 shares offered by this prospectus will amount to approximately $1,375,000 after deducting the expenses of this offering which are estimated at $25,000. Such proceeds will be used to retire the loan from Mrs. E. B. Clark, Sr. in the principal amount of $142,824 and unsecured loans from the City National Bank in Wichita Falls, Wichita Falls, Texas, U.S.A. in the total principal amount of $102,790, which includes the sum of $54,100 borrowed by the Company subsequent to November 30, 1968. It is anticipated that during 1969 the Company will expend approximately $465,000 on exploratory and development drilling and seismic programs on its properties in Canada and the U.S.A. and will expend approximately $250,000 for the purchase of additional properties in Northern Canada and the U.S.A. The Company also expects to make dry-hole contributions to other oil companies operating in the Wyoming and Montana area totaling approximately $35,000. The balance of the proceeds will be used by the Company for general operating expenses and in the ordinary course of its business of acquiring, exploring and developing petroleum, natural gas and mineral properties in Canada, Alaska, the Rocky Mountain area of the U.S.A. and possibly outside the continental U.S.A. None of the proceeds will be expended on any new properties acquired without an amendment to this prospectus being filed and accepted if the securities of the Company are then in the course of primary distribution to the public. The Company will invest the excess of the proceeds over its immediate cash requirements (approximately $800,000) in Dominion of Canada treasury bills, other governmental debt obligations, high grade short term corporate debt obligations and/or chartered bank or trust company certificates of deposit or similar instruments.

DIRECTORS AND OFFICERS

DIRECTORS

EUGENE BRAGG CLARK, SR.	Executive	3303 Mockingbird Wichita Falls, Texas, U.S.A.
EUGENE BRAGG CLARK, JR.	Executive	111 Gilpin Denver, Colorado U.S.A.
JOSEPH NEWTON SHERRILL JR.	Attorney	2003 Avondale Wichita Falls, Texas, U.S.A.
PATRICK STOKLEY BEAIRD	Executive	4651 LaSalle Place Denver, Colorado U.S.A.
JAMES CHRISTOPHER SAKS	Investment Dealer	1332 Frontenac Ave., S.W. Calgary 3, Alberta

OFFICERS

EUGENE BRAGG CLARK, JR.	President & Treasurer	111 Gilpin Denver, Colorado U.S.A.
PATRICK STOKLEY BEAIRD	Vice- President	4651 LaSalle Place Denver, Colorado U.S.A.
FRANK IDE PRITCHETT, JR.	Exploration Manager & Asst. Secretary	6301 S. Grant Drive Denver, Colorado U.S.A.
JOSEPH NEWTON SHERRILL JR.	Secretary	2003 Avondale Wichita Falls, Texas, U.S.A.

The positions, offices and principal occupations held by the directors and officers of the Company within the five preceding years are as follows:

Mr. E. B. Clark, Sr., has served as Chairman of the Board of Directors since the inception of the Company. For the past five years, Mr. Clark has been a partner (and since 1966 the sole proprietor) of E. B. Clark Drilling Company, an independent oil and gas producing company with properties in Texas, New Mexico and Oklahoma.

Mr. E. B. Clark, Jr., has served as President, Treasurer and a Director of the Company since its incorporation in 1966. For over three years prior thereto, Mr. Clark was a partner in the E. B. Clark Drilling Company.

Mr. Sherrill has been a partner in the firm of Eggers, Sherrill, Pace & Rogers, Attorneys, Wichita Falls, Texas, for the past five years.

Mr. Beaird has been employed as Land Manager of the Company since its inception, and he was elected Vice-President of the Company in February, 1967, and a Director of the Company on January 3, 1969. Mr. Beaird was an independent consulting geologist and petroleum producer prior to his association with the Company.

Mr. Saks was elected a Director of the Company on January 3, 1969. From 1961 through 1964 Mr. Saks was president of Inter-Provincial Utilities, Ltd. and Polaris Pipe Lines. Mr. Saks joined Moss, Lawson & Co., Limited in 1964 as its registered representative at its Calgary, Alberta office. He was elected a director of such company on November 15, 1967.

Mr. Pritchett has been Exploration Manager of the Company since its inception. For more than three years prior thereto, Mr. Pritchett was an independent consulting geologist and during such time also served as Exploration Manager for a small independent oil corporation located in Denver, Colorado.

REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration paid by the Company to the officers of the Company during the financial year of the Company ended May 31, 1968, was $52,800 (U.S.) and for the period from June 1, 1968, to November 30, 1968, was $30,000 (U.S.); no remuneration was paid to the Directors of the Company, as such, during these periods. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year to officers of the Company is $61,500 (U.S.) and to the Directors of the Company, as such, is nil. Mr. E. B. Clark, Jr., who may be regarded as being and having been the promoter of the Company, received remuneration by way of salary from the Company for the period February 1, 1967, to November 30, 1968, in the aggregate amount of $44,000 (U.S.).

PROFIT-SHARING PLAN

In April of 1968, the Company instituted a Profit Sharing Plan for all of its officers and eligible employees. Contributions are made to such plan by the Company on a voluntary basis and in the annual discretion of the Company's Board of Directors. The Company has applied to the United States Internal Revenue Service for a Determination Letter that such plan is qualified for exempt status pursuant to the provisions of Section 501(a) of the Internal Revenue Code of the United States of America. Such application has not been acted upon as of this date. The only contribution made to such plan by the Company as of this date is a 3% overriding royalty interest covering the William C. Johnson lease in Campbell County, Wyoming; such contribution was valued at $2,670. The maximum contribution which may be made by the Company from its profits in any one fiscal year is limited to 15% of the aggregate remuneration paid by the Company during such year to the participants in the Plan.

OPTIONS

By Resolution of the Company's Board of Directors dated January 3, 1969, the Company authorized the granting of options totaling 75,000 shares at $2.00 per share to the following officers, directors and employees of the Company:

Name	Company Position	Total Options Granted
EUGENE BRAGG CLARK, SR.	Chairman, Board of Directors	16,000 shs.
EUGENE BRAGG CLARK, JR.	President, Treasurer and Director	16,000 shs.
PATRICK STOKLEY BEAIRD	Vice-President, Director	12,500 shs.
FRANK IDE PRITCHETT, JR.	Exploration Manager and Asst. Secretary	12,500 shs.
JOSEPH NEWTON SHERRILL JR.	Secretary, General Counsel and Director	11,500 shs.
TED CLARK FOWLER	Staff Geologist	6,500 shs.
TOTAL		75,000 shs.

All of such options are for a term of five years from the date of the authorizing resolution and may be exercised at any time during such term. All or any part of the shares purchased by any of such persons pursuant to such options shall immediately become subject to the Voting Trust Agreement discussed under the heading "Principal Shareholders and Shares in Escrow" in this prospectus.

There are no other options outstanding or intended to be outstanding with respect to the shares of the Company except the option on 100,000 shares to be granted to Moss, Lawson & Co., Limited pursuant to the terms of the Underwriting Agreement referred to under the heading "Plan of Distribution" in this prospectus.

MATERIAL CONTRACTS

Particulars regarding any material contract entered into by the Company within two (2) years prior to the date hereof, other than in the ordinary course of business, are as follows:

1. Underwriting Agreement discussed under the heading "Plan of Distribution" in this prospectus.
2. Options granted to certain officers, directors and employees of the Company to purchase a total of 75,000 shares of the Company discussed under the heading "Options" in this prospectus.
3. Merger Agreement with Amherst Canadian Oil Company discussed under the heading "Interest of Management and Others in Material Transactions" in this prospectus.
4. Purchase Agreement with Mr. E. B. Clark, Sr., discussed under the heading "Interest of Management and Others in Material Transactions" in this prospectus.

Copies of such agreements may be inspected during ordinary business hours at the executive offices of the Company and its Calgary, Alberta branch office while the shares offered by this prospectus are in the course of primary distribution to the public and for a period of thirty (30) days thereafter.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Effective September 1, 1968, the Company purchased all of Mr. E. B. Clark, Sr.'s individual interest in the two (2) Pleasant Plains, Saskatchewan, producing oil wells, one (1) water injection well and the undeveloped oil and gas leases in such area in exchange for the issuance of 155 shares of the Company. Mr. Clark's individual interest in such wells and leases at such date was valued at $11,734. Mr. Clark acquired his interest in the Pleasant Plains area in January of 1967, at a cost of $5,375 which included his share of the cost of drilling the initial test well in this area to casing point. Subsequently, Mr. Clark paid $639 in additional leasehold costs.

Also effective September 1, 1968, the Company acquired all of Amherst Canadian Oil Company's ("Amherst") interest in the two (2) producing oil wells in the Wapella, Saskatchewan, field and the undeveloped oil and gas leases therewith and Amherst's interest in the undeveloped oil and gas leases in the Carlyle. Saskatchewan area; all of such property was valued by the Company at $13,066. The purchase was accomplished by virtue of a merger with Amherst. Pursuant to the plan of merger, the shareholders of Amherst received a total of 137 shares of the Company. Amherst acquired its interest in the Wapella area in November of 1966, at a cost of $15,635, which included its share of drilling the five (5) test wells in this area to casing point. Subsequently, Amherst paid $679 in additional leasehold costs. Amherst acquired its interest in the Carlyle area in May of 1967 at a cost of $14,750 which included its cost of drilling the three (3) test wells in this area to casing point.

Mr. J. N. Sherrill Jr., Secretary, General Counsel and Director of the Company, was President, a director and shareholder of Amherst.

PRINCIPAL SHAREHOLDERS AND SHARES IN ESCROW

The following table lists each shareholder who is known to the Company to own beneficially, directly or indirectly and of record ten percent (10%) or more of the outstanding shares of the Company at the date hereof:

Name and Address	Number of Shares Owned	Percentage of Class Before Public Offering	Percentage of Class After Public Offering
EUGENE BRAGG CLARK, SR. 3303 Mockingbird Wichita Falls, Texas U.S.A.	367,641	32.99	20.26
EUGENE BRAGG CLARK, JR. 111 Gilpin Denver, Colorado U.S.A.	356,346	31.98	19.64
PATRICK STOKLEY BEAIRD 4651 LaSalle Place Denver, Colorado U.S.A.	144,605	12.98	7.97
FRANK IDE PRITCHETT, JR. 6301 S. Grant Drive Denver, Colorado U.S.A.	144,605	12.98	7.97

All of the above described persons are officers of the Company, and Mr. E. B. Clark, Sr. is the father of Mr. E. B. Clark, Jr.

At the date hereof, the directors and senior officers as a group, beneficially owned 1,028,093 shares of the Company being 92.26 percent of the 1,114,285 shares outstanding. After the public offering of 700,000 shares by this prospectus is completed, the directors and senior officers as a group will beneficially own 56.66 percent of the 1,814,285 shares outstanding.

All of the outstanding shares of the Company not being offered for sale to the public by this prospectus (1,114,285) are subject to the terms of a Voting Trust Agreement effective January 30, 1967. Pursuant to such Agreement, Messrs. E. B. Clark, Sr., E. B. Clark, Jr. and J. N. Sherrill Jr. were appointed Trustees to vote all of such shares as the majority of such Trustees may determine. Mr. Patrick S. Beaird was appointed as Successor to the above described Trustees in the event of the death, resignation, incapacity or refusal to act of any of them. The term of such Agreement is for ten (10) years.

75% of the shares of the principal shareholders or a total of 759,898 shares have been placed in escrow with The Canada Trust Company, Toronto, subject to release only upon the prior written consent of the Ontario Securities Commission and which shares may not be transferred, hypothecated, pledged or otherwise dealt with except with the prior written consent of the Ontario Securities Commission.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company auditors are Arthur Andersen & Co., 1700 Broadway, Denver, Colorado 80202.

The Transfer Agent and Registrar for the shares of the Company in Canada is The Canada Trust Company, 110 Yonge Street, Toronto, Ontario and 528 8th Ave., S.W., Calgary, Alberta.

Clark Canadian Exploration Company

AUDITORS' REPORT

To the Directors,

CLARK CANADIAN EXPLORATION COMPANY:

We have examined the balance sheet of CLARK CANADIAN EXPLORATION COMPANY (a Texas corporation) as of May 31, 1968, and the related statements of income, retained earnings, and funds for the period from inception (June 23, 1966), to May 31, 1967, and for the year ended May 31, 1968. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of Clark Canadian Exploration Company as of May 31, 1968, and the results of its operations and the source and application of funds for the period ended May 31, 1967, and for the year ended May 31, 1968, in conformity with generally accepted accounting principles applied on a consistent basis during the periods.

(signed) ARTHUR ANDERSEN & CO.

Denver, Colorado,
December 20, 1968.

Clark Canadian Exploration Company

BALANCE SHEETS (NOTE 1)
(Canadian Dollars)

ASSETS	May 31, 1968	November 30, 1968 (Note 2) (Unaudited)	Pro Forma November 30, 1968 (Note A) (Unaudited)
Current Assets:			
Cash	$ 11,287	$ 37,814	$1,221,300
Cash held in escrow	12,620	12,620	12,620
Canadian bonds, at cost which approximates market	10,009	—	—
Accounts and notes receivable	488,176	195,597	195,597
Leases held for resale, at cost	26,702	156,212	156,212
Prepaid expenses	2,164	—	—
Total current assets	550,958	402,243	1,585,729
Property and Equipment, at cost (Notes 2 and 3):			
Nonproducing oil and gas leases	185,344	175,498	175,498
Producing oil and gas leases, including lease and well equipment	28,861	42,054	42,054
Furniture and fixtures	7,020	11,652	11,652
	221,225	229,204	229,204
Less — Reserves for depreciation and depletion	8,875	11,953	11,953
	212,350	217,251	217,251
Other Assets	1,182	1,316	1,316
	$ 764,490	$ 620,810	$1,804,296

LIABILITIES	May 31, 1968	November 30, 1968 (Note 2) (Unaudited)	Pro Forma November 30, 1968 (Note A) (Unaudited)
Current Liabilities:			
Short-term notes payable (Note 4)	$ 407,914	$ 353,084	$ 161,570
Current maturities on long-term debt (Note 4)	12,984	12,984	12,984
Accounts payable	108,173	78,104	78,104
Accrued interest and other taxes	5,625	3,536	3,536
Accrued income taxes (Note 1)	—	17,312	17,312
Deferred income taxes (Note 1)	79,743	35,381	35,381
Total current liabilities	614,439	500,401	308,887
Long-term Note Payable, less current maturity above (Note 4)	22,866	16,428	16,428
Shareholders' Investment (Notes 2, 3, 5 and 6):			
Common stock, $1.082 par value, 20,000 shares authorized, 15,000 and 15,292 shares outstanding at May 31, 1968, and November 30, 1968, respectively (subsequent to November 30, 1968, authorized shares were increased to 5,000,000 no par value common stock and the 15,292 shares then outstanding were converted to 1,114,285 shares)	16,230	16,546	1,414,785
Capital in excess of par value	—	23,239	—
Retained earnings	110,955	64,196	64,196
	127,185	103,981	1,478,981
	$ 764,490	$ 620,810	$1,804,296

Approved on behalf of the Board:

(signed) E. B. CLARK, Jr., Director.

(signed) J. N. SHERRILL Jr., Director.

The accompanying notes to financial statements and note to pro forma balance sheet are an integral part hereof.

Clark Canadian Exploration Company

STATEMENTS OF INCOME (NOTE 1)
(Canadian Dollars)

	For the Period from Inception (June 23, 1966) to May 31, 1967	For the Year Ended May 31, 1968	For the Six Months Ended November 30, 1967 (Unaudited)	1968 (Note 2) (Unaudited)
REVENUES:				
Contract drilling and lease sales	$ 229,781	$ 865,758	$ 235,528	$ 182,382
Geological services and sublease bonus income	350,297	93,011	42,187	—
Oil sales and other income	7,689	21,298	9,877	10,440
	587,767	980,067	287,592	192,822
EXPENSES:				
Cost of contract drilling and lease sales	149,514	493,106	171,663	73,860
General and administrative expenses	68,828	170,794	76,981	103,141
Intangible development and dryhole costs	42,509	123,422	90,124	45,997
Geological expenses	239,797	39,180	24,229	24,038
Lease operations, rentals and abandonments	1,819	22,536	8,931	6,230
Depreciation and depletion	2,728	6,147	4,512	3,216
Interest expense	3,223	13,533	2,420	10,149
	508,418	868,718	378,860	266,631
INCOME (LOSS) BEFORE INCOME TAXES	79,349	111,349	(91,268)	(73,809)
PROVISION FOR INCOME TAXES (Note 1):				
Currently payable	8,482	—	—	—
Deferred	22,571	48,690	—	—
TAX BENEFIT OF OPERATING LOSSES (Note 1)	—	—	36,788	27,050
	31,053	48,690	36,788	27,050
NET INCOME (LOSS)	$ 48,296	$ 62,659	$ (54,480)	$ (46,759)

The accompanying notes to financial statements are an integral part hereof.

Clark Canadian Exploration Company

STATEMENT OF CAPITAL IN EXCESS OF PAR VALUE (NOTE 1)

(Canadian Dollars)

	For the Six Months Ended November 30, 1968 (Unaudited) (Note 2)
Balance, beginning of period	$ —
Excess of value received over par value of stock issued in Amherst Canadian Oil Company merger (Note 2)	10,887
Excess of value received over par value of stock issued for certain producing properties (Note 3)	12,352
Balance, end of period	$ 23.239

STATEMENTS OF RETAINED EARNINGS (NOTE 1)

(Canadian Dollars)

	For the Period from Inception (June 23, 1966) to May 31, 1967	For the Year Ended May 31, 1968	For the Six Months Ended November 30, 1967 (Unaudited)	For the Six Months Ended November 30, 1968 (Note 2) (Unaudited)
Balance, beginning of period	$ —	$ 48,296	$ 48,296	$ 110,955
Net income (loss)	48,296	62,659	(54,480)	(46,759)
Balance, end of period	$ 48,296	$ 110,955	$ (6,184)	$ 64,196

The accompanying notes to financial statements are an integral part hereof.

Clark Canadian Exploration Company

STATEMENTS OF FUNDS
(Canadian Dollars)

	For the Period from Inception (June 23, 1966) to May 31, 1967	For the Year Ended May 31, 1968	For the Six Months Ended November 30, 1967 (Unaudited)	For the Six Months Ended November 30, 1968 (Note 2) (Unaudited)
Funds Were Provided From:				
Net income (loss) for the period	$ 48,296	$ 62,659	$ (54,480)	$ (46,759)
Add charges to income not requiring funds—				
Depreciation and depletion	2,728	6,147	4,512	3,216
Lease abandonments	—	7,016	2,116	4,244
Increase (decrease) in deferred income taxes	22,571	57,172	(22,571)	(44,362)
Funds provided from operations	73,595	132,994	(70,423)	(83,661)
Proceeds from short and long-term borrowings	402,567	948,664	173,113	113,610
Common stock issued (Notes 2 and 3)	16,230	—	—	1,042
	$ 492,392	$1,081,658	$ 102,690	$ 30,991
Funds Were Used For:				
Payments on short and long-term borrowings	$ 402,567	$ 504,900	$ —	$ 174,878
Acquisition of nonproducing leases and leases held for resale	30,062	208,007	82,803	114,646
Acquisition of producing leases, including lease and well equipment	14,042	14,695	14,510	—
Furniture and fixture additions	1,597	5,546	4,207	4,632
Net increase in other assets	1,676	1,670	2,335	214
Increase (decrease) in working capital, exclusive of short-term borrowings, leases held for resale and deferred income taxes	42,448	346,840	(1,165)	(263,379)
	$ 492,392	$1,081,658	$ 102,690	$ 30,991

The accompanying notes to financial statements are an integral part hereof.

NOTE TO PRO FORMA BALANCE SHEET
NOVEMBER 30, 1968
(Unaudited)

(A) Basis For Pro Forma Adjustments

The Company has negotiated to issue 700,000 shares of its newly authorized no par value common stock for $2.20 per share.

The pro forma balance sheet as of November 30, 1968, has been prepared under the assumption that the proceeds, net of underwriting discount, from the issuance of the 700,000 shares will be used to pay expected underwriting expenses of $25,000 and to pay off the note payable to Mrs. E. B. Clark, Sr. in the principal amount of $142,824 and the unsecured 7½% note payable to a bank, due January 25, 1969, in the principal amount of $48,690. The remaining proceeds will be used to meet operating requirements and therefore have been reflected as an increase in cash.

NOTES TO FINANCIAL STATEMENTS
MAY 31, 1968
(Including Notes Applicable to Unaudited Periods)

(1) Basis of Accounting and Reporting

The Company maintains its accounts and files its income tax returns on the cash basis. To present the Company's financial position and the results of its operations in accordance with generally accepted accounting principles, the financial statements have been prepared on the accrual basis.

The provision for income taxes and corresponding accrued and deferred income taxes in the accompanying financial statements have been computed on the accrual basis. The tax benefit of the operating losses for the six months ending November 30, 1967 and 1968, has been used to reduce the deferred income tax liability and to recover taxes provided on income for the periods ending May 31, 1967 and 1968.

The accounts are maintained in United States currency, and have been converted into Canadian dollars at a standard exchange rate of 108.2.

(2) Merger With Amherst Canadian Oil Company

On August 31, 1968, the shareholders of Clark Canadian Exploration Company and Amherst Canadian Oil Company approved the merger of Amherst into Clark. In connection with the merger Clark issued 137 shares of common stock in exchange for the 20,000 outstanding shares of common stock of Amherst. For accounting purposes the merger has been treated as a purchase and, accordingly, the excess of value received over the par value of the shares issued ($10,887) has been credited to capital in excess of par value. The results of operations of the properties acquired in the merger with Amherst have been included in the statements of income, retained earnings and funds since the date of the merger, August 31, 1968.

Amherst's unaudited financial statements for its fiscal year ended August 31, 1968, showed a loss from operations of approximately $13,700.

(3) Producing Property Acquisition

On September 1, 1968, the Company issued 155 shares of common stock in exchange for certain producing oil and gas properties. The excess of value received over the par value of the stock issued of $12,352 has been credited to capital in excess of par value.

(4) Short and Long-Term Notes Payable

Short and long-term notes payable are summarized as follows:

	May 31, 1968 Current Maturities	May 31, 1968 Long-Term
6½% note for $159,595, due September 19, 1968, and 8% note for $27,050, due July 24, 1968, payable to Mrs. E. B. Clark, Sr.; $27,050 secured by 4,000 acres of non-producing leases in Campbell County, Wyoming	$ 186,645	$ —
7½% note payable to a bank, due June 28, 1968; secured by $201,252 of accounts receivable	201,252	—
7¾% notes payable to a bank, due on demand; guaranteed by shareholders	20,017	—
	407,914	
8% note payable to a bank, payable on oil production; secured by oil production from three producing wells	12,984	22,866
	$ 420,898	$ 22,866

	November 30, 1968 Current Maturities	November 30, 1968 Long-Term
8% note payable to Mrs. E. B. Clark, Sr., due January 23, 1969; unsecured	$ 142,824	$ —
7½% notes payable to a bank for $45,444 and $27,050, due December 17, 1968; $45,444 secured by a lease purchase agreement which is dependent upon the Company's successfully obtaining certain acreage through Government filings on the North Slope — Bethel Basin, Alaska area or by the Government's refunding of amounts previously paid by the Company with respect to rejected lease applications, if any	72,494	—
7½% note payable to a bank, due January 25, 1969; unsecured	48,690	—
7½% note for $79,076 and 7¾% note for $10,000, payable to a bank, due on demand; guaranteed by shareholders	89,076	—
	353,084	
8% note payable to a bank, payable on oil production; secured by oil production from three producing wells	12,984	16,428
	$ 366,068	$ 16,428

EVENTS SUBSEQUENT TO THE DATE OF AUDITORS' REPORT

(5) Stock Options

Pursuant to a resolution by the Board of Directors of the Company on January 3, 1969, stock options consisting of 75,000 shares of common stock were granted to officers and key employees of the Company. These options are exercisable at any time for a period of five (5) years from January 3, 1969, at $2.00 per share.

Options to acquire an additional 100,000 shares of common stock at the greater of $2.00 per share or 80% of the market price on the date the option is exercised are to be granted to the underwriters handling the proposed stock issue, as more fully discussed in the Note to Pro Forma Balance Sheet, November 30, 1968. This option will be exercisable for a period of one year after the acceptance for filing by the Ontario Securities Commission of this prospectus.

(6) Increase in Common Stock Authorized and Outstanding

Subsequent to November 30, 1968, the Articles of Incorporation of the Company were amended to increase the common stock authorized to 5,000,000 shares without par value, and the 15,292 common shares then outstanding were converted into 1,114,285 shares of the newly authorized common stock with no par value.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION OF PURCHASES IN ONTARIO AND ALBERTA

The attention of purchasers in the Provinces of Ontario and Alberta of any of the securities offered by this prospectus is drawn to certain provisions of relevant legislation, namely: The Securities Act, 1966 (Ontario) and The Securities Act, 1967 (Alberta), which permits such purchasers in certain events and subject to certain conditions:

(a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent; and

(b) to rescind the agreement of purchase by institution of legal proceedings within 90 days from the later of the date of receipt of the prospectus or amended prospectus by the purchaser or his agent or the date of the agreement of purchase if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of the respective statutory provisions summarized above are contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario) and Sections 63 and 64 of The Securities Act, 1967 (Alberta), reference to which is here made for all purposes.

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, and by Part II of The Securities Act, 1954 (Newfoundland) and the regulations thereunder, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED: February 7, 1969.

(Signed) E. B. CLARK, JR.
Chief Executive Officer and Promoter

(Signed) J. N. SHERRILL JR.
Chief Financial Officer

On behalf of the Board of Directors by:

(Signed) PATRICK S. BEAIRD
Director

(Signed) JAMES C. SAKS
Director

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by Part 7 of the Securities Act, 1967 (Alberta) and the regulations thereunder and by Part II of the Securities Act, 1954 (Newfoundland) and the regulations thereunder and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED: February 7, 1969.

MOSS, LAWSON & CO., LIMITED

By

(Signed) T. J. O'ROURKE, Vice-President.

The following are the names of every person having an interest either directly or indirectly, to the extent of not less than five percent (5%) in the capital of MOSS, LAWSON & CO., LIMITED:

D. G. Lawson, T. J. O'Rourke, E. R. Hastie, D. T. Gray, S. E. Rodbard, E. M. Watson, R. G. B. Clarke A. D. Air and K. K. Knox.

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